



Sociedade de Investimento e Gestão SGPS, S.A.

ANNUAL REPORT 2002



Sociedade de Investimento e Gestão SGPS, S.A. Sociedade Aberta

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Mat. Cons. Reg. Com. de Lisboa sob o nº 2630, Contribuinte nº 502 593 130,
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Francisco José Melo e Castro Guedes, Gonçalo Allen Serras Pereira, Maria Maude Mendonça de Queiroz Pereira Lagos, Pedro Mendonça de Queiroz Pereira, Carlos Eduardo Coelho Alves, Frederico José da Cunha de Mendonça e Meneses, José Alfredo de Almeida Honório (from left to right)

STATUTORY BODIES

SHAREHOLDERS GENERAL ASSEMBLEY

| | |
|---------------------------------|---|
| <i>President</i> | Paulo Jorge Barreto de Carvalho Ventura |
| <i>1st Secretary</i> | Paulo Miguel Garcês Ventura |
| <i>2nd Secretary</i> | Jorge Manuel de Mira Amaral |

AUDIT BOARD

| | |
|------------------|---|
| <i>President</i> | António Dias & Associados, SROC, representada por António Marques Dias |
| <i>Members</i> | Rafael Caldeira Castel-Branco Valverde Luis Miguel de Almeida Belo Freire Loureiro & Associados, SROC, representada por Carlos Oliveira Loureiro |

THE BOARD OF DIRECTORS

| | |
|-----------------------------|---|
| <i>President</i> | Pedro Mendonça de Queiroz Pereira |
| <i>Members of the Board</i> | Maria Maude Mendonça de Queiroz Pereira Lagos Carlos Eduardo Coelho Alves José Alfredo de Almeida Honório Frederico José da Cunha de Mendonça e Meneses Gonçalo Allen Serras Pereira Francisco José Melo e Castro Guedes |



*The Report of the
Board of Directors*

1

OVERVIEW

As a whole, the **Semapa Group** companies recorded positive performance in 2002, despite the slowdown in construction in their principal market – Portugal – combined with increased competition from importers. It should be stressed that this performance was only possible thanks to significant productivity gains in production and distribution, both in Portugal and in Tunisia.

Demand for cement in Portugal was down on the previous year, ending a period of continuous growth which had begun in 1994. In 2002 it is estimated that the market stood at 11.1 million tons, which represents a drop of 3.7%.

Market behaviour was very uneven over the year: there was sustained growth through to July, and then a very significant fall-off from August onwards, with the residential construction and public works sectors both contracting.

In the residential construction sector, the long expected fall-off was due to the saturation of demand in the market. In the case of public works and non-residential construction, the drop was the result of a slowdown in the economy due, in the main part, to an unfavourable international situation and economic policy dominated by containment of public spending.

The demand was met from cement manufactured in Portugal and also from imports, which are estimated to have increased by 1.3 million tons over the previous year. Companies in the cement market (both importers and manufacturers) adopted increasingly aggressive sales strategies in response to growing supply and shrinking demand.

Secil's plants once again demonstrated their ability to provide regular supplies for the domestic market, resulting in a substantial reduction in clinker imports. The **Company's** cement sales stood at 3.8 million tons, down by 5.5% in volume and 3.1% in value.

Cement prices were revised in March 2002, with an average increase of 2.4%, which represented a reduction in real price of 1.6%. In November, due to the aggressive sales environment, cement prices were revised downwards at sales depots.

The **Group** continued to implement the specific measures designed by the Board of Directors in order to increase the productivity of the various factors of production, and to cut the cost of goods and services acquired.

For the second consecutive year, despite the reduction achieved in specific consumption, the costs of purchasing power rose significantly, as a result of a substantial hike in tariffs. In reality, the differential widened between the costs borne by the Portuguese cement industry and those borne by cement companies in other European countries, making the Portuguese sector more vulnerable to imports.

At a time of significant retraction in the economy, the Board of Directors has warned the government of the need to change its policy in the power sector, in

order to create a more level playing field for the country's industry.

The **Company** continued to implement a rigorous policy of environmental control, with heavy investment at all plants. The most significant measures were adopted under the Contract for Ongoing Improvement in Environmental Performance signed with the Government in 1999.

Secil has worked closely with the environmental authorities on the National Plan for Climate Change and the National Plan for Emissions Ceilings, helping to define the measures to be taken by the Government in order to comply with the Kyoto Protocol and the Emissions Ceilings Directive.

The insistence on introducing heavy taxes in the European Union to penalize industrial plant with significant energy consumption, without any equivalent burden being imposed on manufacturers of the same products outside the European Union, continues to concern the Board of Directors. If a balancing mechanism is not introduced, such as compensatory taxes levied on the energy content of products from third countries, these measures will pave the way of the relocation of the industry to outside the European Union, with a resulting increase in pollution worldwide.

In the field of quality certification, further steps have been taken to transfer **Secil's** and **CMP's** certification from ISO 9002:1995 to ISO 9001:2001, with a transition audit bring conducted in February 2003.

The first steps have been taken towards implementation of a new pay system for staff, which will play a central role in increasing employee motivation and changing company culture in the field of human resources. The new system, to be introduced across the board, makes a clear separation between "skills", "results of individual performance" and "company results".

Semapa subsidiaries in the ready-mixed, aggregates and pre-cast sectors recorded positive results, although these were down on those achieved in 2001. Significant progress was made in the power generation sector. In the financial year now ended, **Enersis** generated 319 GWh and recorded positive results, well above those for 2001. This companies has invested in wind farm projects, some of which are still at an early stage.

In March, tests were conducted at the **Secil-Outão** plant on the co-incineration of hazardous waste (HW), under the supervision of the Independent Scientific Commission. The final results clearly showed that co-incineration in cement works is a safe and reliable process, compatible with a healthy environment. The co-incineration process, which has been gaining recognition throughout Europe as a good system for reusing and treating waste, was nonetheless suspended by the Government.

This is yet another instance of blatant inequality of treatment, creating a competitive deficit in the industry, without any gains for the Portuguese community: political exploitation of the country's cultural backwardness in relation to its European partners means that a very serious ecological problem

will go unsolved, whilst penalizing Portuguese industry and its workforce. In terms of international expansion, progress in **Tunisia** has been consolidated, with the implementation of a major investment plan to improve the performance of **Société des Ciments de Gabès**, and with the expansion of **Sud Béton**'s activities to include the Gabès area. In **Lebanon**, the group has acquired a holding in **CDS - Ciment de Sibline**, a cement manufacturer with annual production capacity of 1.2 million tons of cement. In **Tunisia**, consumption of cement and artificial lime stood at 5.8 million tons, which represents growth of 2.1% over 2001. In this context, **SCG** recorded healthy performance, significantly better than in the previous year, reflecting the increase in EBITDA (+ 73.7%) and net profits (+ 102%). This improvement in performance was essentially due to increase clinker production and good progress on sales. These excellent results were achieved despite the fact that the cement market in **Tunisia** has not been deregulated as promised by the government in the tender documents for the privatisation of the Tunisian cement companies. This should have occurred in May 2002, but the government imposed a price adjustment, much smaller than that needed to keep up with inflation. The **Group** continues to sponsor prizes as a way of attracting positive publicity for the products of **Secil** and its associates. The Secil Architecture Prize was awarded to Pedro Maurício Borges. Architecture and civil engineering prizes were also awarded to university students in these fields.

MAIN INDICATORS - OPERATIONS

| | | 1998 | 1999 | 2000 | 2001 | 2002 | % |
|----------------------------|----------------------|-------|-------|-------|-------|-------|--------|
| Cement production capacity | 1000 t | 3 784 | 3 784 | 4 934 | 5 006 | 5 006 | 0.0 |
| Sales | | | | | | | |
| Grey Cement | 1 000 t | 3 824 | 3 911 | 4 851 | 4 894 | 4 765 | - 2.6 |
| White Cement | 1 000 t | 77 | 90 | 89 | 107 | 95 | - 11.2 |
| Artificial Lime | 1 000 t | - | - | 82 | 78 | 84 | 7.7 |
| Ready-Mixed Concrete | 1 000 m ³ | 1 350 | 1 690 | 2 170 | 2 602 | 2 534 | - 2.6 |
| Aggregates | 1 000 t | 2 766 | 3 104 | 2 455 | 3 615 | 3 586 | - 0.8 |
| Precast Concrete | 1 000 t | 415 | 376 | 388 | 410 | 366 | - 10.8 |
| Hydraulic Lime | 1 000 t | 69 | 72 | 69 | 64 | 64 | - 0.1 |
| Mortars | 1 000 t | 43 | 60 | 70 | 106 | 142 | 33.5 |
| Power | GW | 177 | 197 | 237 | 287 | 319 | 11.2 |
| Workforce* | | 1 613 | 1 577 | 2 129 | 2 150 | 2 095 | - 2.6 |

° Average number of persons employed by companies included in the consolidated accounts

| MAIN CONSOLIDATED INDICATORS - ECONOMIC AND FINANCIAL | | | | | | 10 ⁶ EUR |
|---|-------|-------|-------|-------|-------|---------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | % |
| Turnover | 362 | 395 | 465 | 501 | 491 | - 1.9 |
| EBITDA | 136 | 161 | 165 | 162 | 168 | 3.5 |
| Depreciation and Provisions | 44 | 44 | 54 | 54 | 55 | 1.7 |
| Depreciation of Goodwill | 7 | 8 | 8 | 8 | 12 | 43.5 |
| EBIT | 85 | 109 | 104 | 100 | 102 | 1.3 |
| Financial Results | (3) | 1 | (16) | (10) | (22) | 119.2 |
| Current Results | 81 | 110 | 88 | 90 | 79 | - 12.1 |
| Extraordinary Results | 5 | 3 | 11 | (2) | 2 | 237.0 |
| Profits Before Tax | 86 | 113 | 99 | 88 | 82 | - 7.5 |
| Taxes | 37 | 49 | 40 | 4 | 21 | 390.3 |
| Minority Interests | 24 | 31 | 29 | 40 | 30 | - 25.4 |
| Net Profits | 24 | 33 | 31 | 44 | 31 | - 30.1 |
| Cash Flow | 76 | 85 | 92 | 106 | 97 | - 8.4 |
| Total Assets | 528 | 598 | 953 | 1 003 | 1 068 | 6.5 |
| Shareholders' Equity | 177 | 189 | 194 | 211 | 225 | 6.4 |
| Net Debt | 94 | 114 | 465 | 442 | 374 | - 15.4 |
| Net Debt not including Cimpor shares | | | 253 | 230 | 180 | - 21.7 |
| EBITDA Margin | 38% | 41% | 36% | 32% | 34% | |
| EBIT Margin | 23% | 27% | 22% | 20% | 21% | |
| Results per Share (EUR) | 0.21 | 0.28 | 0.26 | 0.37 | 0.26 | - 30.1 |
| Cash Flow per Share (EUR) | 0.64 | 0.72 | 0.78 | 0.90 | 0.82 | - 8.4 |
| Stock Market Capitalization | 399 | 406 | 456 | 561 | 390 | - 30.4 |
| Quotation (31 Dez.) | | | | | | |
| Res. per Share (PER) | 16.28 | 12.16 | 14.81 | 12.71 | 12.66 | - 0.4 |

Management of the **Semapa Group's** financial position during 2002 involved essentially the negotiation and contracting in due time of a credit facility for 290 million Euros, in order to finance almost in full the acquisition of **FLSHH SGPS, Lda.**, and monitoring existing debts.

In consolidated terms, **Group** investment during the year totalled 67.8 million Euros, and net financial liabilities as at 31 December 2002 stood at 373.8 million Euros, which in comparison with the previous year, and despite the investment programme implemented, represents a reduction of 15%.

As at 31 December 2002, the Independent Pension Funds, set up by the **Group** companies, recorded a financial surplus of 1.8 million Euros in relation to their actuarial liabilities calculated independently with reference to the same date.

The action brought by our subsidiary **Secil** against the Portuguese State for compensation for damages caused by the incorrect valuation of the liabilities of **CMP's** Pension Fund in the confidential tendering documents for the privatisation of **Secil** and **CMP** continues to be pending at the Lisbon District

Administrative Court, and no development at all was recorded during 2002.

The company also pursued its strategy of defending its interests relating to its holding in **Cimpor - Cimentos de Portugal, SGPS, S.A.**. To this end, the subsidiary **SECILPAR**:

- a) brought a legal action against the companies **Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.**, **TEDAL - Sociedade Gestora de Participações Sociais, S.A.**, and **TDP - Sociedade Gestora de Participações Sociais, S.A.** for compensation for damages resulting from the fact that these companies failed to launch a takeover bid for the totality of **Cimpor's** capital, after acquiring control of the company;
- b) brought a legal action of joinder with regard to the action for annulment of the purchase of shares in **Cimpor** effected in breach of the provisions of Decree-Law no. 380/93, of 15 November, brought by the Department of Public Prosecutions against **Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.**, **TEDAL - Sociedade Gestora de Participações Sociais, S.A.**, and **TDP - Sociedade Gestora de Participações Sociais, S.A.**

The **Group** has pursued a policy of recording financial holdings representing capital in other companies (investments representing less than 20%) at the lower of acquisition or market value, with the result that the financial holding representing around 9% of the share capital of **Cimpor, S.G.P.S., S.A.** was registered as at 31 December 2002 at its quoted market value of 16 Euros per share.

A provision (not tax deductible) was therefore created in the course of the year with a value of approximately 18.1 million Euros under "Provisions for financial investments).

The **Group's** risk management priorities have been to detect and cover risks which might have a materially relevant impact on the Net Result and Equity, or which may create significant constraints on the pursuit of the **Group's** business interests.

With regard to the financial risk, in view of the relative maturity of the debt and the terms of the respective contracts, we do not anticipate that the current state of the financial markets will constitute a significant restraining factor on the **Group's** business.

The credit risks deriving from the client portfolio continue to be transferred in the most part to specialist insurance companies, which has allowed us to reduce the impact of problems on our accounts. Risks relating to property, civil liability, accidents and health are all properly covered by insurance policies, which will remain in force for the coming financial year, albeit with some adjustments, especially in relation to premiums.

As from 1 January 2002, the **Group** adopted the accounting policy of deferred taxes. As a result, all circumstances which may significantly affect future taxes will from now on be reflected in the accounts. In addition, the **Group** is making

the efforts needed in order to adopt the International Accounting Standards, in 2004, as the basis for financial reporting policies.

As is well known in the market, **Secil - Companhia Geral de Cal e Cimento SA** is owned directly and indirectly by **Semapa** (51%), with 41% owned by **FLSHH SGPS LDA**, which is in turn owned in equal parts by **FLS Industries A/S** and **Højgaard Holding A/S**, both Danish companies.

These holdings, in view of the own shares held by the company, correspond to approximately 100% of the voting rights in the company.

FLS Industries A/S has expressed its intention of selling some of its holdings, as part of a process of strategic reorganization.

Talks were therefore been held with a view to acquisition by **Semapa** of **FLSHH SGPS, LDA**, and the negotiations were successfully completed during the course of the financial year.

Under the contract concluded by **Semapa**, on the one hand, and **FLS Industries A/S** and **Højgaard Holding A/S** on the other, the acquisition will take place by the end of March 2003.

This transaction, with an opportunity price regarded a comfortable in relation to prevailing prices in the cement industry (304 million Euros, subject to adjustment), will assure **Semapa** greater flexibility in planning and implementing the **Group's** development strategy.

In order to obtain the funds needed for this acquisition, the finance contract referred to above was concluded with an international bank, on normal market terms.

Semapa, as the principal shareholder in **Secil**, wishes to stress the excellent relations it has enjoyed with its Danish shareholders, who have been involved in the company for more than seventy years and who have been true partners in all the strategic decisions taken over the course of the years.

The Board of Directors wishes to express its appreciation to its clients and workforce, to the Audit Board, to the Financial Institutions which have supported the **Group**, to its suppliers and, in general, to the partners who have worked alongside **Semapa** on its business enterprises. The Directors also wish to thank the shareholders for their confidence in them, which has been essential for them to work effectively towards the essential aim of enhancing the value of the **Company**.

2

MAIN DEVELOPMENTS IN 2002

January

- Market launch of new packaging for the three cement brands marketed by **Secil**, in line with the new names for the cement products resulting from certification under EN 197-1 and with new safety regulations.
- Acquisition of the ready-mix concrete company **Betostrong** by **Secil Betões e Inertes**.
- Acquisition, by **Enersis**, of the company Tomen Eléctrica, which has changed its name to **PEVB - Parque Eólico de Vila do Bispo**.
- **Prescor**, a company engaged in waste disposal in the iron and steel industry, starts business operations.

February

- A consortium including **Secil** obtains a license for use of the Eurominas wharf at the port of Setúbal.
- **Secilpar** starts trading business with offices in Madrid.

March

- **Somera Trading** acquires the ship Roaz, for cement maritime transport of cement.

April

- Acquisition of a 21.2% stake in the Lebanese cement company **CDS - Ciment de Sibline**, which has an annual production capacity of approximately 1.2 million tons of cement per annum.
- Conclusion of an agreement between **Argibetão** and the Polish company **Fakro** - the world's second largest window manufacturer - for distribution of Argilux products in Portugal.

May

- **Secil Group** companies take part in Tektónica/Simac 2002 - the International Construction Materials Fair in Lisbon.

June

- **Société des Ciments de Gabès** takes part in the 2nd International Environment Technologies Fair - Echo Tech'2000 in Tunis.

July

- **Enersis'** wind farms in **Bigorne** (Lamego) and **Jarmeleira** (Mafra) start operations.

August

- Incorporation of **Seinpar Investments, B.V.**, 100% owned by **Semapa**.
- Incorporation of **Cimenpar Investments, B.V.**, 100 owned by **Secil Investimentos, SGPS, S.A.**
- Creation of the Environmental Monitoring Commission of the **Secil-Outão** works.

September

- Incorporation of the company **HE70**, through a partnership between **Ener sis** and **Mota-Engil**, to operate in the renewable energies sector.
- A geological reserve is decreed in the **Cibra-Pataias** plant area.

October

- Acquisition by **Semapa** from **Betopal Betões Preparados, S.A.** of the company **Betopal, S.L.**
- **Argibetão** starts marketing in Portugal the products of the Franco-German company **Weser**.
- Acquisition of the ready-mixed concrete company **Macrobetão** by **Secil Betões e Inertes**.
- Commemoration of the 25th anniversary of **Société des Ciments de Gabès**.

November

- **Secil Group** companies take part in the Concrete Fair in Oporto.
- Installation of Hurrivane equipment to cut energy consumption at the **Secil-Outão** works.
- The Braga rail depot moves to new premises.

December

- The share capital of **Secil Investimentos** is increased to 25 million Euros. This company is sold by **Secil** in December to **Seinpar Investments B.V.**, which is 100% owned by **Semapa**.
- The Secil Architecture Prize is awarded to the Architect Pedro Maurício Borges for his designs for the Casa Pacheco e Melo in São Miguel, Azores.
- Acquisition of the ready-mixed concrete company **Betalves** and additional holdings in the companies **Asfalbetão Industrial** and **Almeida & Carvalhais** by **Secil Betões e Inertes**.

3

PORTUGAL

3.1 CEMENT

3.1.1 MARKET AND SALES

Cement consumption in the domestic market was down on the previous year, interrupting a period of continuous growth which started in 1994. It is estimated that the market totalled 11.1 million tons in 2002, representing a drop of 3.7%.

The market performed very unevenly over the course of the year: there was sustained growth up to July, followed by a very sharp fall from August onwards, felt simultaneously in residential construction and in the public works market.

In the residential construction sector, the downturn was long expected, and was due to saturation of demand in the housing market.

In the public works and non-residential construction sector, the fall was due to the slowdown in the economy, caused essentially by an unfavourable international situation and an economic policy dominated by containment of public spending.

Per capita consumption nonetheless remained strong, higher than in other European Union countries at 1077 kg per inhabitant.

In addition to market contraction, there was an increase in cement imports, which are estimated at 1.3 tons, representing an increase of 30% over 2001.

In this context, competition became noticeably more aggressive in the cement market, amongst both importers and domestic manufacturers.

| CEMENT MARKET (1) | | | | | (1 000 t) |
|--------------------|--------|--------|--------|--------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 (2) |
| Portugal | 10 071 | 10 578 | 11 345 | 11 564 | 11 135 |
| Portugal (%) | + 5.5 | + 5.0 | + 7.3 | + 1.9 | - 3.7 |
| European Union (%) | + 5.7 | + 5.1 | + 3.1 | - 0.1 | - 0.3 |

| PER CAPITA CEMENT CONSUMPTION (1) | | | | | (kg) |
|-----------------------------------|------|-------|-------|-------|----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 (2) |
| Portugal | 992 | 1 037 | 1 105 | 1 119 | 1 077 |
| European Union | 472 | 494 | 508 | 508 | 506 |

(1) Includes white cement

(2) Estimate

Secil's sales on the domestic market totalled 3,814,000 tons of cement and clinker, down 5.5% in volume and 2.8% in value on the previous year. There was a slight increase in bulk cement sales, and a drop in sales of bagged cement.

| SALES | (1 000 €) | | | | |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Domestic Market | 257 554 | 266 318 | 272 793 | 284 114 | 275 097 |
| Foreign Market | 2 075 | 2 778 | 2 968 | 4 317 | 5 124 |
| Total | 259 629 | 269 096 | 275 760 | 288 431 | 280 221 |
| Variation (%) | + 4.8 | + 3.6 | + 2.5 | + 4.6 | - 2.8 |

| SALES | (1 000 t) | | | | |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| DOMESTIC MARKET | | | | | |
| Grey Cement | 3 789 | 3 867 | 3 878 | 3 932 | 3 714 |
| White Cement | 77 | 87 | 89 | 103 | 96 |
| Clinker | 0 | 0 | 0 | 0 | 4 |
| Subtotal | 3 866 | 3 954 | 3 966 | 4 035 | 3 814 |
| Variation (%) | + 4.0 | + 2.3 | + 0.3 | + 1.7 | + 5.5 |
| FOREIGN MARKET | | | | | |
| Grey Cement | 35 | 44 | 42 | 41 | 48 |
| White Cement | 0 | 3 | 0 | 4 | 0 |
| Clinker | 0 | 0 | 0 | 14 | 51 |
| Subtotal | 35 | 47 | 42 | 59 | 99 |
| Variation (%) | - 22.0 | + 34.3 | - 10.6 | + 40.5 | + 67.8 |
| Total | 3 901 | 4 001 | 4 008 | 4 094 | 3 913 |
| Variation (%) | + 3.7 | + 2.6 | + 0.2 | + 2.1 | - 4.4 |

The market responded well to cement of the II/A-L 42.5R type, which is ecologically more interesting, as it requires less clinker. Sales of this type had begun in November 2000.

Cement price were revised in March 2002, with an average increase of 2.4%, corresponding to a reduction in real prices of approximately 1.6%. In view of the more aggressive competition in the market, cement prices were adjusted at sales depots in November.

CEMENT PRICES (1993=100)

| | 1993 | 1999 | 2000 | 2001 | 2002 |
|--------------------|------|------|------|------|------|
| Nominal Price | 100 | 110 | 112 | 115 | 118 |
| Retail Price Index | 100 | 120 | 124 | 129 | 134 |
| Real Price | 100 | 92 | 90 | 89 | 88 |

Sales of white cement on the domestic market were down by 7.9% on the previous year, but remained at healthy levels. This reduction was due to the presence on the market of imported cement from Turkey.

Secil pursued its policy of loyalty incentives for white cement customers of significant size and potential. This was achieved through product quality, reliability of supply and the technical assistance provided. A new white cement product was also launched (II/A-L 42.5R type).

Slacker demand meant it was possible to increase exports to approximately 100,000 tons, representing an increase of 68% over 2001; this was due essentially to sales to Cape Verde and São Tomé e Príncipe for cement, and to Angola and Spain for clinker.

Cement from **Secil** factories has been used in several prestigious major projects currently underway, including the foundations for the Oporto Metro, the container and has terminals on the Eastern Wharf of the Port of Sines, the Multi-purpose Terminal at the Port of Setúbal, the Casa da Música in Oporto and several motorway construction projects in Portugal.

AVERAGE COST OF TRANSPORT
PER TON OF CEMENT SOLD IN MAINLAND PORTUGAL (1993=100)

| | 1993 | 1999 | 2000 | 2001 | 2002 |
|----------------|------|------|------|------|------|
| Current Prices | 100 | 79 | 67 | 63 | 68 |
| 1993 Prices | 100 | 66 | 54 | 49 | 51 |

The distribution system was fully able to respond to market requirements. Nonetheless, there was a 3% increase, in real terms, in the average cost of transport per ton sold in Mainland Portugal.

In terms of prices, maritime freights increased as a result of higher fuel prices, rail freights rose slower than inflation and road freights held steady.

One significant development was the purchase of the “Roaz”, a ship to be used to supply cement to maritime depots. Owned by **Somera Trading**, it has been chartered on a naked hull basis to one of the companies providing maritime transport services to **Secil**.

Major developments in relation to the network of depots:

- The Leixões-Mar depot started operations;
- Relocation of the Braga rail/road depot.

3.1.2 PRODUCTION

Output of clinker stood at 3,085,000 tons, up 2.4% on the previous year, and hitting a new historic high for the three works taken together.

Once again it was possible to improve productivity in these factories, thanks to sustained rationalization efforts in recent years.

| CLINKER PRODUCTION | (1 000 t) | | | | |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Grey Clinker | | | | | |
| Secil-Outão | 1 655 | 1 719 | 1 796 | 1 703 | 1 784 |
| Maceira-Liz | 791 | 863 | 843 | 885 | 897 |
| Cibra-Pataias | 220 | 318 | 333 | 345 | 321 |
| Subtotal | 2 666 | 2 900 | 2 972 | 2 933 | 3 002 |
| White Clinker | | | | | |
| Cibra-Pataias | 68 | 80 | 80 | 79 | 83 |
| Total | 2 734 | 2 980 | 3 052 | 3 012 | 3 085 |
| Variation (%) | + 2.3 | + 9.0 | + 2.4 | - 1.3 | + 2.4 |

| CLINKER OUTPUT PER WORKER (1) | (t) | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Secil-Outão | 6 198 | 6 537 | 6 987 | 6 759 | 7 252 |
| Maceira-Liz and Cibra-Pataias | 3 340 | 3 928 | 4 131 | 4 349 | 4 427 |

(1) Only workers engaged in production activities were considered when calculating this indicator.

Total cement output was slightly down on 2001 (-0.9%) and totalled 3,836,000 tons. This drop in production was due to a significant slowdown in the domestic market from August onwards, given that during the first half imports were needed to keep up with demand.

| CEMENT PRODUCTION | (1 000 t) | | | | |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Grey Cement | | | | | |
| Secil-Outão | 2 073 | 2 185 | 2 224 | 2 008 | 2 042 |
| Maceira-Liz | 1 399 | 1 380 | 1 313 | 1 371 | 1 396 |
| Cibra-Pataias | 328 | 385 | 374 | 387 | 301 |
| Subtotal | 3 800 | 3 950 | 3 911 | 3 766 | 3 739 |
| White Cement | | | | | |
| Cibra-Pataias | 78 | 91 | 90 | 105 | 97 |
| Total | 3 878 | 4 041 | 4 001 | 3 871 | 3 836 |
| Variation (%) | + 5.4 | + 4.2 | - 1.0 | - 3.2 | - 0.9 |

The cement produced at the three factories continues to present fairly homogenous final characteristics, with high quality standards, which is regarded as essential in order to ensure general market recognition of the high standards followed by the **Company**.

At the **Secil-Outão** works, production of Portland lime cement started up in accordance with EN 197-1, with the proportion of clinker incorporated cut by around 10% and the consequent positive impacts for the environment.

The process of landscape rehabilitation of quarries was significantly accelerated, with extraction on slopes of a height of 10 metres.

Tests were conducted for the co-incineration of hazardous waste (HW), under the supervision of the Independent Scientific Commission. The final results clearly demonstrated that this is a safe and reliable process, compatible with a healthy environment, as has been generally recognised around the world.

Work continued on implementation of a Safety Management System, in accordance with NP 4397, and certification is expected in 2003; steps are also being taken to register the factory with EMAS II, despite the change in the relevant legislation and the difficulty in obtaining prompt replies to applications for new licenses and conversion of expired licenses.

At the **Maceira-Liz** factory, new annual production records were set for clinker and cement.

At the **Cibra-Pataias** factory, production started of the white cement of the CEM II/A L 42.5 N type.

In terms of quality certification, further steps were taken for the transition of **Secil's** and **CMP's** certification from ISO 9002: 1995 to ISO 9001:2001, and the respective transition audit was conducted in February 2003.

The system for supplying coal and petroleum coke to the three factories continued to function efficiently. Supplies proceeded without interruption, and adequate safety stocks were maintained.

There was a slight increase in the price of solid fuels in 2002. The price of electricity rose substantially, in the order of 9%, with an appreciable effect on the cost of producing clinker and cement.

3.1.3 HUMAN RESOURCES

Work continued to improve the motivation and effectiveness of the **Group's** human resources, and to help staff to identify with the objectives of **Secil** and its subsidiaries and associates.

Good results were obtained in downsizing the workforce, recruiting new staff, vocational training and recognition of individual and collective contributions to the results achieved.

WORKFORCE SECIL/CMP

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|---------------|------------|------------|------------|------------|------------|
| Permanent | 768 | 762 | 757 | 736 | 724 |
| Casual | 7 | 11 | 9 | 22 | 20 |
| Total | 775 | 773 | 766 | 758 | 744 |
| Variation (%) | - 3.8 | - 0.3 | 0.9 | - 1.0 | - 1.8 |

For **Secil** and **CMP** together, the workforce was reduced by twelve, despite the hiring of 9 new employees.

Training activities at **Secil** and **CMP** are summarized in the following table:

VOCATIONAL TRAINING

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|---------|--------|--------|--------|--------|--------|
| Persons | 1 142 | 531 | 933 | 1 357 | 1 519 |
| Hours | 23 732 | 19 907 | 19 095 | 23 339 | 28 061 |

Overtime continued within acceptable levels, with a reduction at **Secil** (- 5.8%) and an increase at **CMP** (+ 14.8%), in relation to 2001.

The average age is 46.4 years at **Secil** and 48.1 years at **CMP**.

Absenteeism increased to 6.12% at **Secil** and to 4.61 at **CMP**.

ABSENTEEISM (%)

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|-------|------|------|------|------|------|
| Secil | 3.49 | 5.32 | 4.93 | 4.75 | 6.12 |
| CMP | 2.73 | 4.14 | 3.35 | 4.42 | 4.61 |

In 2002, as part of the performance management system currently being implemented, the **Company** awarded its employees variable remuneration in line with attainment of goals.

3.1.4 ORGANIZATION

In the field of administrative organization, a major development was the launch of the **FRC Project - Filing, Reference and Consultation**, designed to identify the **Company's** needs in these fields and to propose a management model able to respond effectively to these needs. In addition to the normal problems of filing records, the system being implemented is intended to permit control and harmonization of the main administrative procedures.

3.1.5 INVESTMENT

Significant investment projects were launched and carried out with a view to improving plant performance, upgrading the quality of products and services supplied, enhancing environmental conditions and customer service and providing for more flexible transport and distribution systems. These investments totalled 17.2 Euros overall, and the main projects included:

At the **Secil-Outão** works, installation of Hurrivane equipment on line 9 and adjudication of the contract for fitting electrofilters on two cement mills.

At the **Maceira-Liz** plant, increase in capacity and modernization of cement mills nos. 8 and 9, and the redesign of the ventilation system for the two clinker furnaces.

At the **Cibra-Pataias** works, installation of a machine for wrapping pallets and construction of a pre-homo Park, which is nearing completion.

In **Sales/Distribution**, the relocation of the Braga depot, and renovation of the offices of the Sales Coordination Centre.

The first contributory payments have been received for the contracts concluded under the POE.

3.1.6 RESULTS

Despite the drop in sales (down 2.3% in value), **Secil/CMP** together recorded good operating performance, with EBITDA up by 2.1%.

This increase was essentially due to the following factors:

- Output of cement and clinker which almost eliminated the need to import these products;
- Slight fall in variable production costs;
- Reduction in cement transport costs.

One negative factor during the year was an increase of approximately 9% in the price of electricity.

The 3.5% drop in EBIT was essentially due to increased depreciation (in particular of Goodwill in subsidiaries) and provisions.

As expected, the net profits, despite standing at 64.3 million Euros, were down on the previous year, which may be explained by the fact that the company benefited in 2001 from an exception reduction in corporation tax, through application of the taxation regime for corporate groups.

| | (1 000 €) | | | | | |
|-------------|-----------|---------|---------|---------|---------|--------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | % |
| Turnover | 275 407 | 283 362 | 289 821 | 301 334 | 294 334 | - 2.3 |
| EBITDA | 117 666 | 136 942 | 136 062 | 134 640 | 137 526 | 2.1 |
| EBIT | 74 912 | 94 212 | 94 735 | 95 161 | 91 792 | - 3.5 |
| Net Profits | 50 974 | 66 409 | 62 195 | 87 331 | 64 279 | - 26.4 |
| Cash Flow | 93 729 | 109 139 | 103 521 | 126 810 | 110 012 | - 13.2 |

3.1.7 PROSPECTS FOR 2003

An appreciable contraction of the cement market is expected in 2003. It is anticipated that the residential construction sector will continue in sharp recession, although a degree of recovery is expected in public works. **Secil/CMP** are therefore expected to record a drop in performance.

3.2 READY-MIXED CONCRETE AND AGGREGATES

The ready-mixed concrete market contracted by an estimated 5%, as a result of trends in the construction sector, as referred to above. Cement consumption by the ready-mixed concrete industry fell from 25.8% in 2001 to 24.7% in 2002.

| CEMENT CONSUMED BY READY-MIXED CONCRETE INDUSTRY (MAINLAND PORTUGAL) | | | | | (%) |
|--|------|------|------|------|----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 (1) |
| Consumption | 21.4 | 21.7 | 24.4 | 25.8 | 24.7 |

(1) Estimate

Group companies performed well, although their results were significantly down on the previous year.

READY-MIXED CONCRETE

| | | 2000 | 2001 | 2002 | % |
|-------------|------------|---------|---------|---------|--------|
| Plants | | 38 | 38 | 44 | 15.8 |
| Sales | (1 000 m³) | 2 170 | 2 533 | 2 454 | - 3.1 |
| Sales | (1 000 €) | 123 983 | 146 149 | 141 609 | - 3.1 |
| EBITDA | (1 000 €) | 15 257 | 17 168 | 13 596 | - 20.8 |
| EBIT | (1 000 €) | 9 991 | 11 835 | 8 084 | - 31.7 |
| Net Profits | (1 000 €) | 7 073 | 8 388 | 5 824 | - 30.6 |
| Cash-Flow | (1 000 €) | 12 339 | 13 721 | 11 336 | - 17.4 |
| Workforce | | 479 | 465 | 425 | - 8.6 |

Major developments during the year included the acquisition of **Betostrong**, **Betalves** and **Macrobetão**, and the opening of two new concrete plants, one in **Cantanhede** and another in **Braga** (Estádio).

The **Group** also increased its holdings in **Asfalbetão Industrial** (10%) and **Almeida & Carvalhais** (11%).

Transport and pumping services were outsourced from the markets in which the companies belonging to Secil, Betões e Inertes operate.

Given that construction business is expected to fall off sharply in 2003, the performance of ready-mixed business and the relevant group companies is likely to be affected.

The aggregates market was not as hard hit as the market for read-mixed concrete, as the contraction in the construction sector was offset by strong demand for communication routes.

AGGREGATES

| | | 2000 | 2001 | 2002 | % |
|-------------|-----------|--------|--------|--------|--------|
| Quarries | | 6 | 6 | 6 | 0.0 |
| Sales | (1 000 t) | 2 455 | 3 615 | 3 586 | - 0.8 |
| Sales | (1 000 €) | 14 707 | 20 685 | 21 443 | 3.7 |
| EBITDA | (1 000 €) | 5 483 | 9 888 | 8 528 | - 13.8 |
| EBIT | (1 000 €) | 2 835 | 6 863 | 5 568 | - 18.9 |
| Net Profits | (1 000 €) | 1 915 | 4 523 | 4 116 | - 9.0 |
| Cash Flow | (1 000 €) | 4 563 | 7 548 | 7 075 | - 6.3 |
| Workforce | | 116 | 131 | 134 | 2.3 |

One major development was the extension at **Ecob** of the crushed stone washing plant in Mexilhoeira Grande, the extension of the contract until 2017 and the increase in the operating area at the Escarpão quarry belonging to **Secil**. The company's quality certification was also extended to the Joane quarry.

Prospects for 2003 are similar to those for ready-mixed business.

3.3 PRECAST CONCRETE

The companies in this market were also hard hit by the reduction in construction activity. Taken together, **Secil Prebetão** and **Argibetão** recorded a drop in sales of approximately 10% in value, as well as falls in EBITDA and net profits.

| | | 2000 | 2001 | 2002 | % |
|-------------|-----------|--------|--------|--------|---------|
| Plants | | 9 | 9 | 9 | 0.0 |
| Sales | (1 000 t) | 388 | 392 | 353 | - 9.9 |
| Sales | (1 000 €) | 22 827 | 24 316 | 22 404 | - 7.9 |
| EBITDA | (1 000 €) | 2 616 | 3 028 | 2 409 | - 20.4 |
| EBIT | (1 000 €) | 265 | 859 | - 111 | - 112.9 |
| Net Profits | (1 000 €) | 210 | 2 015 | 37 | - 98.2 |
| Cash Flow | (1 000 €) | 2 529 | 4 184 | 2 582 | - 38.3 |
| Workforce | | 348 | 341 | 332 | - 2.6 |

At **Secil Prebetão**, a new piping machine was installed and the concrete plant at the Coimbra works was automated. A project for a new urban furniture line was completed, and these products will be marketed as from the second half of 2003. A new Works Department was set up, with a view to selling turnkey solutions.

At **Argibetão** the main developments included the marketing launch in Portugal of a line of windows and roofing accessories under the Argilux brand, and the opening of a branch office in Spain.

The prospects for 2003 are unfavourable, for the reasons set out above.

3.4 AGGLOMERATES AND MORTARS

As expected, the hydraulic lime market continued to decline slowly. This was offset by sustained growth in mortars, as a result of gradual substitution of traditional plaster. This meant that the effects of the recession in the construction sector were not felt in either of these markets.

Secil Martingança again recorded good results, with an increase in turnover (up 8.8%), in EBITDA (up 24.9%) and in net profits (up by 254.6%).

| | 2000 | 2001 | 2002 | % |
|--------------------------|-------|-------|--------|-------|
| Plants | 1 | 2 | 2 | 0.0 |
| Hydraulic Lime (1 000 t) | 69 | 64 | 64 | 0.0 |
| Mortars (1 000 t) | 70 | 106 | 142 | 33.8 |
| Sales (1 000 €) | 8 023 | 9 285 | 10 105 | 8.8 |
| EBITDA (1 000 €) | 1 675 | 1 903 | 2 377 | 24.9 |
| EBIT (1 000 €) | 641 | 670 | 1 104 | 64.8 |
| Net Profits (1 000 €) | 299 | 199 | 705 | 254.1 |
| Cash Flow (1 000 €) | 1 332 | 1 432 | 1 979 | 38.2 |
| Workforce | 80 | 88 | 80 | - 9.1 |

Major developments in the field of investment included acquisition of the entire share capital of **IQM**, acquisition of 25 silos and equipment for marketing mortars, the fitting of sleeve filters on the hydraulic lime furnaces and landscape rehabilitation at the quarries.

The paint division was sold off, and the **Company** launched coloured mortars and a special plaster under the name RHP Plus.

The markets in which the company operates are expected to perform in 2003 in keeping with the trend in recent years, in other words with hydraulic lime in slow decline and strong growth in mortars.

3.5 FIBRECEMENT

The Portuguese Parliament passed a highly damaging resolution for the fibrecement industry. If taken literally, it may lead to banning the use of this product.

This had a drastic effect on the performance of **Cimianto STH**, in which **Secil** has a minority holding. Operating earnings stood at 17.8 million Euros (down 16% on 2001), whilst EBITDA stood at 1.8 million Euros (down 40% on 2001) and net profits at 271,000 Euros (down 83% on the previous year).

One positive development offsetting losses on the domestic market was significant growth in exports.

The prospects for 2003 are therefore not very encouraging.

3.6 TIMBER-CEMENT PANELS

Viroc Portugal recorded sales of 6.6 million Euros, in value, and 12 102 m³, in volume, up 13.7% and 9.2% respectively over the previous year.

| | 2000 | 2001 | 2002 | % |
|--------------------------|--------|---------|--------|-------|
| Plants | 1 | 1 | 1 | 0.0 |
| Sales (m ³) | 11 968 | 11 088 | 12 103 | 9.2 |
| Sales (1 000 €) | 5 976 | 5 808 | 6 606 | 13.7 |
| EBITDA (1 000 €) | 1 242 | 658 | 1 738 | 164.1 |
| EBIT (1 000 €) | 145 | - 598 | 665 | 211.2 |
| Net Profits (1 000 €) | - 399 | - 1 369 | 13 | 100.9 |
| Cash Flow (1 000 €) | 698 | - 93 | 1 086 | - |
| Workforce | 66 | 82 | 96 | 17.1 |

We are pleased to record positive results - in the order of 13,000 Euros - for the first time in the company's history.

Significant investments were decided on in January 2002, and concluded in December. This did not have an impact on the results for 2002, but is expected to contribute to a substantial improvement in performance in 2003.

The debt restructuring plan, agreed in December 1999, has been promptly complied with, and interest due to the banks and IPAMEI has been paid back in full.

No changes are expected in 2003 in the markets in which the company operates.

3.7 DISTRIBUTION OF CEMENT TO MADEIRA AND THE AZORES

The cement companies in Madeira and the Azores, **Cimentos Madeira** and **Cimentaço** have recorded very healthy results. Consumption of cement in the regions has remained at an exceptionally high level, especially in the Azores. The market in the Azores grew considerably (by 11% over 2001), reaching a total of 371,000 tons, a new all-time record. **Cimentaço** recorded net profits in the order of 3,5 million euros, its best ever, whilst generating cash flow of 4.5 million euros.

The market in Madeira contracted slightly (a reduction of 3.5%), standing at 493,000 tons. A cement sales company remains active in the region, meaning that **Cimentos Madeira** recorded sales of 352,000 tons (1% less than in 2001). **Cimentos Madeira** recorded net profits of 2.3 million euros, also its best ever,

and generated cash flow of 3.1 million euros.

3.8 POWER GENERATION

The power generating subsidiaries of **Enersis** recorded output of 319 GWh, a record for the **Group**. Sales stood at 24 million Euros, and net profits stood at 6 million Euros (100% up on 2001).

| | | 2000 | 2001 | 2002 | % |
|-------------------------------|-----------|--------|--------|--------|-------|
| Power Capacity ⁽¹⁾ | (MW) | 83 | 100 | 143 | 43.2 |
| Total Output | (GWh) | 237 | 287 | 319 | 11.1 |
| Turnover | (1 000 €) | 15 383 | 18 980 | 24 008 | 26.5 |
| EBIT | (1 000 €) | 7 706 | 8 130 | 8 750 | 7.6 |
| Net Profits | (1 000 €) | 2 190 | 2 964 | 5 969 | 101.4 |
| Workforce | | 52 | 54 | 72 | 33.3 |

(1) From 2002 onwards, includes the entire rated capacity of the company HE70.

Major developments in the **Enersis group** included:

- Acquisition of 100% of Tomen Eléctrica, which changed its name to **PEVB- Parque Eólico de Vila do Bispo**, which has rated capacity of 10 MW;
- A 50% partnership with the Mota-Engil group on incorporation of **HE70, SGPS**, with various facilities, including 21.2 MW in hydro capacity in operation and 20 MW in hydro capacity under construction;
- Operational start-up of the Wind Farms in **Bigorne, Jarmeleira** and **Igreja Nova II**, with combined power of 11.8 MW;
- Construction work started on the **Meroicinha** and **Lomba da Seixa II** wind farms, with total power of 19 MW.

Prospects for 2003 include conclusion of wind farms with total capacity of approximately 19 MW and the start of construction work on new farms with combined capacity of 37 MW. The **Group** also hopes to complete the licensing process for new projects which together represent further capacity of approximately 100 MW.

3.9 PAPER BAGS

The paper bags production line at the **Maceira-Liz** plant recorded a 3.6% decline in production over 2001, as a result of decreased sales of bagged cement, which was not offset by other markets.

Variable costs were down by approximately 5.2% over the previous year, due

essentially to a reduction in the average cost of paper.

| | | 2000 | 2001 | 2002 | % |
|--------------|--------------|--------|--------|--------|-------|
| Plants | | 1 | 1 | 1 | 0.0 |
| Output | (1 000 bags) | 52 071 | 48 796 | 47 029 | - 3.6 |
| Turnover (1) | (1 000 €) | 7 921 | 7 581 | 7 376 | - 2.7 |
| EBIT | (1 000 €) | 2 484 | 1 999 | 2 103 | 5.3 |

(1) This includes paper bags provided to the Maceira-Liz and Cibra-Pataias plants.

3.10 WASTE RECOVERY AND RECYCLING

Ecoresíduos was incorporated in order to enable the Portuguese cement sector to improve its environmental performance, in association with companies specialized in waste disposal which have gained accredited experience in countries which are more developed in this respect. This company's business is conducted through its subsidiaries, which include **Scoreco**, **Prescor** and **Ecometais**.

The government's decision to suspend the coincineration of hazardous industrial waste at Portuguese cement works prevented **Scoreco** from carrying on its business. However, this company will continue to work on the recovery of alternative raw materials, to replace extraction of natural resources.

For **Prescor**, which started up production in 2001, this was its first year of production and marketing of granulated slag, and it met its targets for the year. Growth of more than 10% is expected for the next financial year.

Ecometais was incorporated in October 2001, and operates in the disposal of end of life motor vehicles. The company is at the initial investment stage, with industrial operations due to start in 2004.



TUNISIA

4.1 CEMENT

4.1.1 MARKET AND SALES

Consumption of cement and artificial lime stood at 5.8 million tons in 2002, representing an increase of 2.1% over the previous year.

Although this is a positive trend, it reflects a slowdown in growth in the market in relation to previous years. This is a result of the cooling of the economy, particularly from the 2nd half onwards. After being revised downwards twice, the current estimate for growth in output is in the order of 2%, as against average rates above 5% in recent years. This situation is due to the combined negative effects of the drought which has lasted four years, and significant retraction in the tourist trade.

The Tunisian authorities have implemented a programme of economic adjustment from 2002 onwards, in order to sustain the worsening public deficit and to boost exports. The significant depreciation of the Tunisian dinar against the Euro (in the order of 7%) reflects this economic situation.

| BINDER MARKET | (1 000 t) | | | | |
|-----------------|-----------|-------|--------|-------|-------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Cement | 4 109 | 4 387 | 4 948 | 5 178 | 5 300 |
| Artificial Lime | 394 | 398 | 465 | 456 | 455 |
| Binders | 4 503 | 4 785 | 5 413 | 5 634 | 5 755 |
| Binders (%) | + 2.7 | + 6.3 | + 13.1 | + 4.1 | + 2.1 |

| PER CAPITA CONSUMPTION | (Kg) | | | | |
|------------------------|------|------|------|------|------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Cement | 472 | 496 | 550 | 567 | 569 |
| Artificial Lime | 45 | 45 | 51 | 50 | 49 |
| Binders | 517 | 541 | 601 | 617 | 618 |

Despite this, **SCG's** sales performed relatively well, both in value and volume, as the company's investments allowed it to overcome the operational problems faced in the previous year, which had stood in the way of an increase in 2001 in the volume sold. Sales were therefore up by 7.1% in volume. In value, this increase was 9.2% (Euros) or 13.7% (Tunisian dinars). The increase in the value of sales was due to higher prices and growth in HRS cement, for which the price is higher.

| SALES | (1 000 €) | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Binders | 28 032 | 30 426 | 36 461 | 37 136 | 40 214 |
| Domestic Market | 25 639 | 29 514 | 36 461 | 37 136 | 40 214 |
| Foreign Market | 2 394 | 912 | 0 | 0 | |
| Others | 1 805 | 1 574 | 1 838 | 2 202 | 2 724 |
| Total | 29 837 | 32 000 | 38 299 | 39 338 | 42 938 |
| Variation (%) | - 4.5 | + 7.2 | + 19.7 | + 2.7 | + 9.2 |

| SALES | (1 000 t) | | | | |
|------------------------|------------|------------|--------------|------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Domestic Market | | | | | |
| Cement | 718 | 781 | 931 | 912 | 976 |
| Artificial Lime | 40 | 29 | 82 | 78 | 84 |
| Clinker | 0 | 31 | 0 | 0 | 0 |
| Subtotal | 758 | 841 | 1 013 | 990 | 1 060 |
| Variation (%) | - 1.0 | + 10.9 | + 20.5 | - 2.3 | + 7.1 |
| Foreign Market | | | | | |
| Clinker | 91 | 35 | 0 | 0 | 0 |
| Total Market | 849 | 876 | 1 013 | 990 | 1 060 |
| Variation (%) | - 9.0 | + 3.2 | + 15.6 | - 2.3 | + 7.1 |

In May 2002, under the homologated price regime which remains in force, it was possible to increase prices by 6%.

Contrary to expectations and the serious undertakings made to the company, cement prices were not deregulated. It should be recalled that when the cement industry was privatised it was expressly stated in the tender documentation that the price system would be deregulated.

4.1.2 PRODUCTION

Thanks to technical intervention at the beginning of 2002, it was possible to return to a level of production close to that recorded in 2000 (762,000 t, representing growth of 8.3% over 2001). However, this did not prevent imports of clinker (subsidised by the State) in order to respond to trends in demand.

It was also necessary to reinstate stocks of clinker in keeping with the needs predicted for the 1st half of 2003, taking into account the programmed stoppages in the furnaces for the investment in increasing the plant's capacity (to approximately 1,000,000 tons per annum).

Output of binders stood at 1,064,000 t (up 8.1% on the previous year), allowing the company to respond to increasing demand. Work carried out to optimise production in the mills was largely responsible for these results, achieved with a significant reduction in specific electricity consumption. At the beginning of 2003 this work has been completed, and it is expected that binder output in the order of 1.4 million tons per annum can be achieved without any further investment.

| PRODUCTION | (1 000 t) | | | | |
|-----------------|------------|------------|--------------|------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Clinker | 731 | 703 | 766 | 703 | 762 |
| Variation (%) | - 10.9 | - 3.8 | + 9.0 | - 8.2 | + 8.4 |
| Binders | | | | | |
| Cement | 724 | 781 | 940 | 904 | 980 |
| Artificial Lime | 37 | 29 | 82 | 80 | 84 |
| Total | 761 | 810 | 1 022 | 984 | 1 064 |

The **Company's** certification in 2001 under ISO 9002 (1994) was confirmed, and work started on transition to ISO 9000 (2000 version), with certification expected in 2003.

4.1.3 HUMAN RESOURCES

At the end of 2002, **SCG** had a total workforce of 475 employees, 22 less than at the end of 2001, due to a policy of streamlining deployment of human resources. Work started at the same time on the recruitment of qualified technicians for areas of fundamental importance to modernization of the company in the fields of management and technological conversion.

WORKFORCE

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|---------------------|-------|-------|-------|-------|-------|
| Permanent Employees | 540 | 537 | 515 | 497 | 475 |
| Variation (%) | - 0.9 | - 0.6 | - 4.1 | - 3.5 | - 4.4 |

Further initiatives were undertaken under the technical assistance and technology transfer contract between **Secil** and **SCG**. This included optimisation of the investments in the raw mills, the new centralized factory controls and implementation of a cost accounting system.

Support was maintained for social activities and for various regional and national funds.

In October 2002, the plant celebrated its 25th anniversary and the signing of contracts for increasing capacity and the installation of a coke/coal milling facility, at a ceremony presided over by the Minister of Industry and Energy. In December agreement was reached with the workers' representatives on pay rises for the period 2002-2004 and on the replacement of the Personnel Statute (as used in public companies) by a Company Agreement.

4.1.4 INVESTMENT

Investment stood at approximately 5.9 million Euros. In addition to this amount, a further 3.1 million Euros was spend on major repairs or changes to equipment on the two lines, in order to extending their working life, to bring them into line with new technology and to prepare them for changes to the cyclone towers, to be carried out during 2003. The project for increased capacity should result in annual output of 1,000,000 t of clinker and 1,400,000 t of binder.

| | | | | | |
|---------------|-------|-------|--------|-------|-------|
| Variation (%) | - 1.2 | + 6.4 | + 26.2 | - 3.7 | + 8.1 |
|---------------|-------|-------|--------|-------|-------|

These investments, together with those planned for 2003 and 2004, are part of an overall modernization plan for the company, submitted to the Tunisian authorities under the national program for industrial modernization (known as the Programme de Mise a Niveau). Depending on how far these plans are implemented, the state contribution may be as much as 6 million dinars.

In August 2002, the final approval of the Ministry of Environment was obtained for coke/coal milling, and this is expected to be implemented in the course of 2003, at the same time as the investment in unloading, storage and loading operations at the Port of Gabès.

The company participated in the creation of a new ready-mixed concrete company in Zarzis, in conjunction with **Sud Beton** and a local businessman.

A medium and long term loan contract (up to 10 years) was signed in December with a Tunisian bank, for 15 million dinars, in order to finance the investment programme described above. This finance is expected to be used in full in the course of 2003.

4.1.5 RESULTS

SCG recorded very positive performance. Sales were up by 9.2% on 2001, and EBITDA and net profits stood at 7.4 million Euros and 2.6 million Euros respectively, representing increases of 73.7% and 102.7% over the previous year.

These results were mainly due to increased production of clinker and to trends in sales, which allowed the company to offset the significant reduction (by more than 750,000 Euros) in financial results due to the major investments made, which were wholly funded out of company resources. By taking advantage of fiscal benefits permitted under Tunisian law, on the reinvestment of profits, and by means of operational improvements, the company was able to record an increase of approximately 103% in net profits.

These fiscal benefits, which have an impact of approximately 50,000 Euros on the net profits, are dependent on the following:

- a) An increase in the share capital of **Zarzis Beton** by 260,000 Euros;
- b) Approval of a capital increase of approximately 1,190,000 Euros through capitalization of reserves.

| | 1998 | 1999 | 2000 | 2001 | 2002 | (1 000 €) % |
|----------|--------|--------|--------|--------|--------|----------------|
| Turnover | 29 837 | 32 000 | 38 298 | 39 338 | 42 938 | 9.2 |
| EBITDA | 4 733 | 4 631 | 7 024 | 4 268 | 7 414 | 73.7 |
| EBIT | 345 | 520 | 3 257 | 851 | 2 954 | 247.3 |

4.1.6 PROSPECTS FOR 2003

Tunisian GDP is expected to grow at a rate of between 3% and 4% in 2003. At the same time, a number of major public projects are to be relaunched under the 10th Five Year Plan, and the effects of this may be felt from the 2nd half onwards.

If these expectations are confirmed, cement consumption should grow at a rate close to that for GDP. SCG's market share should remain at a level similar to 2002, with the result that sales of binders should rise, in volume, by approximately 3%.

Growth in sales in terms of value will depend on the Tunisian government's attitude to deregulations of binder prices in May: either it will confirm deregulation or else it will maintain the price homologation system, with the state fixing the price increase. If this is the case, we hope the increase will be no lower than the nominal 6% increase fixed in May 2002.

4.2 READY-MIXED AND PRECAST CONCRETE

Sud Béton recorded encouraging performance, reflected in increased net profits (up by 62%) and EBITDA (up by 16.3%) over the previous year.

| | | 2000 | 2001 | 2002 | % |
|-------------------|-------------------------|-------|-------|-------|--------|
| Concrete plants | | 1 | 2 | 2 | 0,0 |
| Pre-cast lines | | | 2 | 2 | 0,0 |
| Concrete sales | (1 000 m ³) | 64 | 69 | 80 | 15,9 |
| Sales of pre-cast | (1 000 t) | | 18 | 15 | - 16,7 |
| Turnover | (1 000 €) | 3 790 | 3 897 | 4 157 | 6,7 |
| EBITDA | (1 000 €) | 670 | 553 | 643 | 16,3 |
| EBIT | (1 000 €) | 569 | 329 | 381 | 15,9 |
| Net Profits | (1 000 €) | 413 | 171 | 277 | 62,0 |
| Cash Flow | (1 000 €) | 514 | 396 | 531 | 34,1 |
| Workforce | | 85 | 87 | 84 | - 3,4 |

(1) Figures for 2000 and 2001 have been adjusted in relation to those presented in the Report for 2001.

Significant developments included:

- Incorporation of **Zarzis Béton**, located in Zarzis;
- Production of 18 300 m³ during the first year of operation of the Gabès Plant;
- A slight reduction in the workforce.

Investments stood at 450,000 Euros and related basically to trucks for distribution and land in Gabès.

For 2003 the company expects a slight increase in operations, and consolidation of its presence in the Gabès market.

5

ANGOLA 5.1 CEMENT

The economic situation in Angola remains relatively undefined despite the fact that peace has been established.

Signs of an overall and regional recovery in the economy are expected and can already be seen, thanks to reconstruction of the country, and this will naturally have a very positive effect on demand and the cement industry. However, this recovery remains conditional on communication routes being repaired and reopened, which has not yet happened.

As a result of these constraints on its operations, **Tecnosecil** recorded a net loss of approximately 310,000 Euros. Sales stood at 26,480 t in quantity, and 3.9 million Euros, in value.

There was a substantial reduction in the factory workforce, and efforts were made to streamline costs and plant, with the acquisition and replacement of obsolete equipment, and reorganization of working processes.

Prospects for the cement market in 2003 are moderately good, both for the country as a whole and for the southern region, which is **Tecnosecil's** natural market.

Efforts at the company will centre on installing a new cement mill, allowing the company to increase production capacity to 180,000 tons per annum.

6

LEBANON 6.1 CEMENT

The company **Ciment de Sibline** is located in the south of the country, near the city of Saïda, and has annual production capacity of 1.2 million tons of cement.

Cement sales in Lebanon fell by 4.5% in relation to the previous year. Due to a new producer coming on to the market, **Ciment de Sibline** saw its market share fall slightly (from 20% to 19%).

In this context, and despite a drop of 8% in turnover, EBITDA fell by only 5%. In relation to net profits and cash flow, the company recorded a significant

improvements which was directly due to reducing financial charges.

| | | 2000 | 2001 | 2002 | % |
|-------------|-----------|---------|---------|---------|--------|
| Plants | | 1 | 1 | 1 | |
| Sales | (1 000 t) | 576 | 551 | 500 | - 9.3 |
| Turnover | (1 000 €) | 36 623 | 34 995 | 33 575 | - 4.1 |
| EBITDA | (1 000 €) | 17 204 | 14 265 | 14 076 | - 1.3 |
| EBIT | (1 000 €) | 9 886 | 6 868 | 5 980 | - 12.9 |
| Net Profits | (1 000 €) | - 1 790 | - 3 066 | - 1 024 | - 66.6 |
| Cash Flow | (1 000 €) | 5 528 | 4 332 | 7 072 | 63.2 |
| Workforce | | 372 | 351 | 341 | - 2.8 |

At the end of 2002 contracts were signed for the extension of the port of Jieh and for fuel conversion to coal and coke. These investments, to be implemented in 2003, will allow the company to achieve considerable improvements in production costs and to increase its earnings through exports.

It is also expected that **Ciment de Sibline** will enter the concrete market, through acquisition of a company operating in this market. Efforts will also continue to acquire new quarries.

In April, **Secil** became a shareholder in the company with a 21.22% stake, acquired through a share issue. On the same date the other shareholders capitalized 60% of their debenture loan.

These operations allowed the company to achieve a substantial reduction in indebtedness and to improve its financial situation, reflected in the recording of positive results in the second half of 2002.

In 2003 it is expected that the market will invert the downward trend recorded in recent years. This will be due to the expected improvement to the economy in Lebanon, due to a loan of 1 300 million USD agreed at the Paris Conference at the end of 2002 and the privatisation programme planned for 2003.

These fact combined with the increase in the number of construction licenses issued in 2002 – which will have their impact in 2003 – allow the company to forecast an increase in the order of 2% in sales. The outcome of the conflict between Israel and Palestine and the current crisis in Iraq will also be crucial factors.

7

CAPE VERDE

7.1 AGGREGATES

There was no significant development in the market, due to the slower pace of adjudication of public works contracts. However, private consumption of aggregates increased, which leads us to believe that significant civil construction work is underway.

In this context **ICV** recorded relatively good performance, with sales in the order of 880,000 Euros, and a net profit in the order of 42,000 Euros.

One major development in the course of the year was the investment underway in the installation of a small cement precasting unit, with a cost of approximately 51,000 Euros.

Very moderate growth is expected in the aggregates market in 2003.

8

SPAIN

8.1 TRADING

Secilpar, with registered offices in Madrid, has begun international trading operations, specializing in solid fuel, clinker and cement.

In its first year of operations, the company traded 432,000 t, corresponding to sales in the order of 17.7 million Euros. The results of trading operations stood at 2.6 million Euros and total net profits at 17.8 million Euros.



DEVELOPMENT

In the field of development, independent corporate projects continued to be pursued in relation to cement and complementary industrial areas, particularly with regard to innovative products for civil construction:

The main developments in the course of the year:

- Incorporation of **Seinpar Investments, B.V.**, 100% owned by **Semapa**;
- Incorporation of **Cimenpar Investments, B.V.**, 100% owned by **Secil Investimentos, SGPS, S.A.**;
- The share capital of **Secil Investimentos** is increased to 25 million Euros. This company is sold by **Secil** in December to **Seinpar Investments B.V.**, which is 100% owned by **Semapa**.
- Acquisition by **Semapa** from **Betopal Betões Preparados, S.A.** of the company **Betopal, S.L.**;
- Incorporation of holding companies, 100% owned by **Secil** or **CMP**, as part of the process of restructuring the group's holdings in Portugal and abroad. The companies incorporated are **Seciment Investments, B.V.** and **CMP Investments, B.V.**;
- Acquisition by **Secil** of a 21% stake in the Lebanese cement company **CDS - Ciment de Sibline**, which has an annual production capacity of approximately 1.2 million tons of cement per annum;
- Acquisition by **Secil** of the company **Florimar - Gestão e Participações, SGPS, Lda.**, which holds a licence to operate at the Madeira International Business Centre.
- Acquisition by **Florimar** of the company **Somera Trading, Inc.**, owner of the cement ship with automatic unloading facility "Roaz", for maritime transportation of cement;
- Acquisition by **Secil Betões e Inertes** of various companies operating in the ready-mixed concrete market, including:
 - **Betostrong - Indústria de Betão, Lda.**
 - **Betalves - Betão Preparado, S.A.**
 - **Macrobetão - Comércio e Distribuição de Betão, S.A.**
 - **Almeida % Carvalhais** (holding increased by 11%, giving a total holding of 92%)
 - **Asfalbetão Industrial** (holding increased by 10%, giving a total holding of 94%)

- Acquisition by **Ciminpart SGPS**, on the stock market, of 500,000 shares in Cimpor, held by **Secilpar**.
- Acquisition by **Enersis** of the company Tomen Eléctrica, which then changed its name to **PEVB - Parque Eólico de Vila do Bispo, Lda.**, owner of a 10 MW wind farm in Vila do Bispo;
- A 50% partnership between **Enersis** and the Mota-Engil group on incorporation of **HE70, SGPS**, to develop projects in the renewable energy sector;
- The **Bigorne, Jarmeleira** and **Igreja Nova II** wind parks start operation, with total power of 11.75 MW;
- Various investment opportunities studies, in the cement industry in Northern Africa, the Middle East, Asia and Europe.

10

FINANCIAL AREA

10.1 MANAGEMENT OF FINANCIAL RESOURCES

Management of the **Semapa Group's** financial position in 2002 consisted primarily of:

- a) Negotiating, with the closing in December, a 290 million Euros credit facility with a maturity of seven years, in order to finance almost the full cost of acquiring **FLSHH SGPS, Lda.**, holder of a 41.06% holding in the share capital of **Secil**;
- b) Monitoring existing debts, insofar as the financial policy adopted has provided the **Group** with debt instruments characterized essentially by:
 - Negotiation of credit facilities with the necessities amounts needed to pursue the long term strategy of the Company;
 - Credit facilities with long term maturities;
 - Guarantees and other conditions in line with the **Group's** risk profile;
 - Flexibility in the management of the credit facilities;
 - Definition of interest payment periods by the company;
 - Suitability to interest rate curve;
 - Maintain the debt in floating interest rates regime.

In order to improve the risk allocation between assets and liabilities, it was contracted a credit facility from a Tunisian bank for 15 million Tunisian dinars, with a maturity of ten years, in order to finance investments programmes in Tunisia.

The national and foreign money markets were hit by the economic and social situation in the world economy, with a clear and immediate impact on small, relatively closed economies such as that of Portugal. Portuguese companies can therefore expect to face added difficulties, and their financial situation will not allow them to access the international financial markets on competitive terms.

In consolidated terms, **Group** investment during the financial year totalled 67.8 million Euros, with net financial liabilities as at 31 December 2002 of 373.8 million Euros, which despite the investment programme represents a reduction of 15% from the previous year.

It is anticipated that the operation for the purchase of **FLSHH SGPS, Lda.** will go ahead in March 2003, after which **Semapa** will own 100% of **Secil**, directly and indirectly.

10.2 PENSION FUNDS

The action brought by our subsidiary **Secil** against the Portuguese State for compensation for damages caused by the incorrect valuation of the liabilities of **CMP's** Pension Fund in the confidential tendering documents for the privatisation of **Secil** and **CMP** is still at the Lisbon District Administrative Court, and no development at all was recorded during 2002.

The Independent Pension Funds created by **Group** companies have from the outset been managed by independent bodies.

Returns on these funds in the last two years have been hit by the situation in the financial markets, and further cash allocations have been needed.

As at 31 December 2002, the Independent Pension Funds, set up by the **Group** companies, recorded a financial surplus of 1.8 million Euros in relation to their actuarial liabilities calculated independently with reference to the same date.

10.3 FINANCIAL HOLDING IN CIMPOR

The **Group** has pursued a policy of recording financial holdings representing capital in other companies (investments representing less than 20%) at the lower of acquisition or market value.

As a result, the financial holding representing around 9% of the **Cimpor, S.G.P.S., S.A.** share capital equal to 12,091,940 shares, was registered as at 31 December 2002 at its quoted market value of 16 Euros per share.

A provision (not tax deductible) was therefore created in the course of the year with a value of approximately 18.1 million Euros under “Provisions for financial investments”.

The consolidated net profits for the year were consequently reduced approximately by 12 million Euros, as deferred tax assets of 6.1 million Euros were recognized.

Also with regard to the holding in **Cimpor – Cimentos de Portugal, SGPS, S.A.**, the company also pursued its strategy of defending its interests through its subsidiary **Secilpar**. To pursue these objectives **SECILPAR**:

- a) brought a legal action against the companies **Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.**, **TEDAL - Sociedade Gestora de Participações Sociais, S.A.**, and **TDP - Sociedade Gestora de Participações Sociais, S.A.** for compensation for damages resulting from the fact that these companies failed to launch a takeover bid for the totality of **Cimpor’s** capital, after acquiring control of the company;
- b) brought a legal action of joinder with regard to the action for annulment of the purchase of shares in **Cimpor** effected in breach of the provisions of Decree-Law no. 380/93, of 15 November, brought by the Department of Public Prosecutions against **Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.**, **TEDAL - Sociedade Gestora de Participações Sociais, S.A.**, and **TDP - Sociedade Gestora de Participações Sociais, S.A.**.

10.4 RISK MANAGEMENT

10.4.1 FINANCIAL RISKS

Risk management priorities have been to detect and cover risks which might have a materially relevant impact on the Net Result and Equity, or which may create significant constraints on the pursuit of the **Group's** business interests. In 2002, in relation to financial indebtedness, particular attention was paid to the state of major economies and interest rate trends, and it was decided in the light of this to keep all the **Group's** borrowing on floating interest rate, and except for the credit facility of 15 million Tunisian dinars allocated to assets in Tunisia, all debt is denominated in Euros.

This being the case, in view of the maturity of the debt and the terms of the respective contracts, it is not anticipated that the current condition of the financial markets will place any significant constraints on the **Group's** operations.

10.4.2 CLIENT PORTFOLIO CREDIT RISK

The **Group** has instituted a methodology of analysis and management of credit risks. In the past it also took out a credit insurance policy for the Cement, Ready-Mixed Concrete and Aggregates and Pre-Cast business sectors.

During the financial year, this policy was renegotiated, with an increase in premiums due to a higher claims rates, especially in concrete and pre-cast business, due to the unfavourable economic situation. However, the policy has allowed us to reduce the impact of losses on the accounts of the respective companies.

10.4.3 PROPERTY RISKS, CIVIL LIABILITY AND ACCIDENTS AND HEALTH

The insurance market and especially the reinsurance market were very badly hit by the events of 11 September 2001 in the USA, and the natural disasters in Europe, which led to higher premiums for the **Group**, and greater difficulty in maintaining some forms of cover. It was not possible to obtain insurance for acts of war and terrorism either in Portugal or Tunisia.

There was a slight increase in premiums for workers compensation, and a significant increase for the All Risk Policy.

We would stress that at the end of the year we renegotiated the insurance portfolio for 2003, and despite the difficulties created by the reinsurers, coverage has been maintained, although the premium rates have risen in most areas.

10.4.4 MISCELLANEOUS

As from 1 January 2002, the **Group** adopted the accounting policy of deferred taxes. As a result, all circumstances which may significantly affect future taxes will, from now on, be reflected in the accounts.

In 2005, to comply with Regulation (EC) no. 1606/2002, of 19 July, the **Group** will adopt the International Accounting Standards as the basis for financial reporting policies.

However, due to the fact that **Semapa** is listed on Euronext Lisbon, this will be brought to 2004.

In order to provide the **Group** with the human resources it needs, with the right technical skills in the fields of finance, accounts and management planning and control, a large-scale training programme has been implemented, monitored by a prestigious international audit firm.

In keeping with the resolution of the General Meeting of 27 March 2002, the **Company** paid dividends to its shareholders of 11,567,916.50 Euros.

At the stock exchange session of 5 March 2002, the **Company** acquired 1,100,000 (one million, one hundred thousand) of its own shares, representing 0.93% of the share capital with a price of 4.49 Euros per share, having 2,653,280 shares of a treasury stock, representing 2.24% of its share capital.

In consolidated terms, **Semapa** closed its accounts with a pre-tax profit of 81.7 million Euros and with a net result of 30.8 million Euros, generating an after-tax cash flow of 97.4 million Euros.

10.5 DEVELOPMENTS SINCE THE END OF THE FINANCIAL YEAR

Since the end of the financial year, on 31 January 2003, a specially convened **CIMPOR** General Meeting was held on the request of that company's board of directors, to resolve on six amendments to the articles of association, including the introduction of a special rule for the election of directors by minority shareholder groups, under the terms of paragraphs 1 to 5 of article 392 of the Companies Code, which makes the election of a director proposed by groups of minority shareholders dependent on the favourable vote of the shareholders with the majority of voting rights.

10.6 PROPOSED ALLOCATION OF PROFITS

Considering that the **Company** should maintain a financial structure compatible with sustained growth by the **Group** which it heads, in its different areas of business;

Considering that the **Company's** independence from the financial system requires it to preserve, in the short, medium and long term, levels of consolidated indebtedness which allow it to maintain a solid financial situation;

Considering also that **Semapa** has promised to acquire, through a wholly owned subsidiary, for a price of EUR 304,000,000 (three hundred and four million euros) subject to adjustment, the entire share capital of **FLSHH SGPS, Lda.**, which in turn holds 21 728 520 shares, corresponding of 41.06% of the share capital of **SECIL – Companhia Geral de Cal e Cimento, S.A.** and 44.6% of its voting rights, which undertaking represents a substantial financial effort;

We propose that the net profits of 30 837 144.41 Euros be allocated as follows:

| | |
|-------------------------------------|---------------|
| Dividends to shares in circulation: | 11 567 916.50 |
| Legal reserves: | 1 541 857.22 |
| Free reserves: | 17 727 370.69 |

Lisbon, 3 March 2003

The Board of Directors

Chairman Pedro Mendonça de Queiroz Pereira

Director Maria Maude Mendonça de Queiroz Pereira Lagos

Carlos Eduardo Coelho Alves

José Alfredo de Almeida Honório

Frederico José da Cunha de Mendonça e Meneses

Gonçalo Allen Serras Pereira

Francisco José de Melo e Castro Guedes



*Consolidated Balance Sheet
and Consolidated Statements
of Profit and Loss*

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2002 AND 2001

| | | | | 2002 | 2001 |
|--|-----------|---------------|----------------------------|---------------|---------------|
| ASSETS | Notes | Gross assets | Depreciation/ provision | Net assets | Net assets |
| FIXED ASSETS: | | | | | |
| Intangible assets: | | | | | |
| Incorporation expenses | 27 | 3 663 140 | (2 397 237) | 1 265 903 | 638 447 |
| Research and development expenses | 27 | 1 313 405 | (1 103 333) | 210 072 | 281 654 |
| Industrial property and other rights | 27 | 87 562 407 | (5 647 194) | 81 915 213 | 83 696 351 |
| Goodwill | 27 | 325 710 | (24 529) | 301 181 | 315 851 |
| Consolidation differences | 10 and 27 | 212 517 347 | (62 344 524) | 150 172 823 | 99 232 018 |
| Intangible assets in progress | 27 | 102 396 | - | 102 396 | 517 635 |
| Advances to suppliers of intangible assets | 27 | 7 885 | - | 7 885 | - |
| | | 305 492 290 | (71 516 817) | 233 975 473 | 184 681 956 |
| Tangible assets: | | | | | |
| Land and natural resources | 27 and 42 | 42 657 219 | (7 504 151) | 35 153 068 | 34 859 245 |
| Buildings and other constructions | 27 and 42 | 286 310 186 | (190 847 590) | 95 462 596 | 98 674 935 |
| Machinery and equipment | 27 and 42 | 836 997 912 | (664 237 721) | 172 760 191 | 186 076 463 |
| Transportation equipment | 27 and 42 | 40 585 368 | (33 635 492) | 6 949 876 | 7 348 144 |
| Tools and utensils | 27 and 42 | 4 038 254 | (3 612 262) | 425 992 | 448 796 |
| Administrative equipment | 27 and 42 | 24 499 025 | (21 234 899) | 3 264 126 | 2 936 005 |
| Reusable containers | 27 and 42 | 18 801 | (17 551) | 1 250 | 1 985 |
| Other tangible fixed assets | 27 and 42 | 8 398 943 | (5 555 410) | 2 843 533 | 2 421 009 |
| Construction in progress | 27 | 14 989 908 | - | 14 989 908 | 10 235 767 |
| Advances to suppliers of tangible fixed assets | 27 | 1 933 957 | - | 1 933 957 | 381 481 |
| | | 1 260 429 573 | (926 645 076) | 333 784 497 | 343 383 830 |
| Investments: | | | | | |
| Investments in subsidiaries | 27 | 16 669 205 | - | 16 669 205 | 11 677 031 |
| Investments in affiliated companies | 27 | 41 543 707 | - | 41 543 707 | 23 366 036 |
| Loans to affiliated companies | 27 | 386 388 | - | 386 388 | 2 211 882 |
| Securities and other investments | 27 | 218 477 330 | (20 425 934) | 198 051 396 | 214 391 222 |
| Advances on account of investments | 27 | - | - | - | 30 000 |
| | 46 | 277 076 630 | (20 425 934) | 256 650 696 | 251 676 171 |
| MEDIUM AND LONG TERM RECEIVABLES: | | | | | |
| Accounts receivable - medium and long term: | | | | | |
| Group companies | 58 | 10 000 000 | - | 10 000 000 | - |
| Other debtors | 55 | 2 449 641 | - | 2 449 641 | 1 906 108 |
| | | 12 449 641 | - | 12 449 641 | 1 906 108 |
| CURRENT ASSETS: | | | | | |
| Inventories: | | | | | |
| Raw, subsidiary and consumable materials | | 26 733 919 | (2 285 523) | 24 448 396 | 22 714 318 |
| Work in progress | | 547 111 | - | 547 111 | 538 455 |
| Finished goods and intermediate products | | 14 379 765 | (18 827) | 14 360 938 | 8 461 700 |
| Merchandise | | 5 645 974 | (419) | 5 645 555 | 9 884 363 |
| | 46 | 47 306 769 | (2 304 769) | 45 002 000 | 41 598 836 |
| Accounts receivable - short term: | | | | | |
| Accounts receivable from customers | | 62 387 729 | (54 233) | 62 333 496 | 74 456 620 |
| Notes receivable from customers | | 1 510 237 | (54 644) | 1 455 593 | 1 283 003 |
| Doubtful accounts receivable | | 12 105 525 | (11 235 921) | 869 604 | 901 559 |
| Accounts receivable from group companies | 58 | 4 192 541 | - | 4 192 541 | 3 303 267 |
| Participant and participated companies | | 4 050 781 | - | 4 050 781 | 2 035 446 |
| Other shareholders | 53 | 18 217 | - | 18 217 | - |
| Advances to suppliers | | 92 920 | - | 92 920 | 2 009 771 |
| Advances to suppliers of fixed assets | | 91 445 | - | 91 445 | 102 211 |
| Accounts receivable from public entities | 54 | 1 508 792 | - | 1 508 792 | 32 366 253 |
| Other debtors | 55 | 15 883 249 | (6 243 134) | 9 640 115 | 12 711 539 |
| | 46 | 101 841 436 | (17 587 932) | 84 253 504 | 129 169 669 |
| Marketable securities: | | | | | |
| Other marketable securities | | 3 202 534 | - | 3 202 534 | 10 143 297 |
| Other treasury investments | | 11 945 071 | - | 11 945 071 | - |
| | | 15 147 605 | - | 15 147 605 | 10 143 297 |
| Banks and cash: | | | | | |
| Bank deposits | | 33 800 621 | - | 33 800 621 | 36 198 650 |
| Cash | | 156 611 | - | 156 611 | 95 502 |
| | | 33 957 232 | - | 33 957 232 | 36 294 152 |
| Accruals and deferrals: | | | | | |
| Accrued income | 56 | 252 036 | - | 252 036 | 616 086 |
| Deferred costs | 56 | 4 235 939 | - | 4 235 939 | 3 578 290 |
| Deferred tax assets | 38 | 48 751 163 | - | 48 751 163 | - |
| | | 53 239 138 | - | 53 239 138 | 4 194 376 |
| Total depreciation | | | (999 560 517) | | |
| Total provisions | | | (38 920 011) | | |
| Total assets | | 2 106 940 314 | (1 038 480 528) | 1 068 459 786 | 1 003 048 395 |

The accompanying notes form an integral part of the consolidated balance sheet as of 31 December 2002.

The Accountant

(Amounts stated in Euros)

| EQUITY, MINORITY INTERESTS AND LIABILITIES | Notes | 2002 | 2001 |
|---|-----------|---------------|---------------|
| EQUITY: | | | |
| Share Capital | 50 and 51 | 118 332 445 | 118 332 445 |
| Treasury stock - nominal value | 51 | (2 653 280) | (1 553 280) |
| Treasury stock - discounts and premiums | 51 | (7 477 754) | (3 632 740) |
| Share premiums | 51 | 3 923 459 | 3 923 459 |
| Consolidation differences | 10 and 51 | 2 467 979 | (1 858 609) |
| Accumulated exchange adjustments | 51 | (4 032 658) | (407 247) |
| Revaluation reserves | 51 and 52 | 12 161 624 | 13 727 564 |
| Reserves: | | | |
| Legal reserves | 51 | 9 571 895 | 7 364 592 |
| Other reserves | 51 | 61 342 637 | 30 971 799 |
| Retained earnings | 51 | 40 418 | 40 418 |
| Consolidated net profit for the year | 51 | 30 837 144 | 44 146 058 |
| Total equity | | 224 513 909 | 211 054 459 |
| MINORITY INTERESTS | | | |
| | 53 | 209 809 652 | 197 057 336 |
| LIABILITIES: | | | |
| PROVISIONS FOR RISK AND COSTS: | | | |
| Provisions for pensions | 46 | 14 835 818 | 14 453 503 |
| Provisions for taxes | 46 | 57 339 | 698 317 |
| Other provisions for risks and costs | 46 | 1 642 886 | 5 863 191 |
| | | 16 536 043 | 21 015 011 |
| MEDIUM AND LONG TERM LIABILITIES: | | | |
| Debenture loans | 57 | 62 911 290 | 83 005 088 |
| Bank loans | 57 | 289 629 683 | 375 829 317 |
| Other loans | 57 | 3 451 730 | 2 499 456 |
| Accounts payable to shareholders | 53 | 243 733 | 557 653 |
| Accounts payable to suppliers of fixed assets | 47 | 146 874 | 187 056 |
| | | 356 383 310 | 462 078 570 |
| SHORT TERM LIABILITIES: | | | |
| Debenture loans | 57 | 11 276 198 | 7 793 717 |
| Bank loans | 57 | 54 102 320 | 17 672 367 |
| Other loans | 57 | 1 613 435 | 1 717 351 |
| Advances on sales | | 2 426 | - |
| Accounts payable to suppliers | | 35 561 065 | 39 865 533 |
| Suppliers' invoices pending | | 1 969 026 | 2 968 284 |
| Notes payable to suppliers | | 658 998 | 2 083 063 |
| Notes payable to suppliers of fixed assets | | 1 796 105 | - |
| Accounts payable to group companies | 58 | 140 208 | 278 857 |
| Accounts payable to shareholders | 59 | 6 691 787 | 6 273 960 |
| Advances from customers | | 3 868 | 5 235 |
| Accounts payable to suppliers of fixed assets | 47 | 4 564 185 | 4 325 728 |
| Accounts payable to public entities | 54 | 34 197 708 | 12 438 137 |
| Other creditors | 55 | 4 070 810 | 894 853 |
| | | 156 648 139 | 96 317 085 |
| ACCRUALS AND DEFERRALS: | | | |
| Accrued costs | 56 | 11 099 686 | 11 631 834 |
| Deferred income | 56 | 3 822 328 | 3 894 100 |
| Deferred tax liabilities | 38 | 89 646 719 | - |
| | | 104 568 733 | 15 525 934 |
| Total equity, minority interests and liabilities | | | |
| | | 1 068 459 786 | 1 003 048 395 |

The Board of Directors

**CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE
FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001**

| EXPENSES | Notes | 2002 | 2001 |
|--|-----------|-------------|-------------|
| Cost of inventories sold and consumed | | 141 916 352 | 151 402 577 |
| External supplies and services | | 121 477 427 | 122 592 905 |
| Payroll expenses: | | | |
| Salaries | | 46 436 880 | 43 438 742 |
| Social charges: | | | |
| Pensions | 21 | 3 311 372 | 2 128 437 |
| Others | | 16 539 704 | 16 357 624 |
| | | 66 287 956 | 61 924 803 |
| Depreciation and amortisation | 27 | 63 098 647 | 59 937 406 |
| Provisions | 46 | 3 502 775 | 2 249 179 |
| | | 66 601 422 | 62 186 585 |
| Taxes | | 1 865 948 | 3 962 741 |
| Other operating costs | | 2 312 951 | 2 340 567 |
| (A) | | 4 178 899 | 6 303 308 |
| | | 400 462 056 | 404 410 176 |
| Loss on affiliated companies | 27 and 44 | 1 099 789 | 248 583 |
| Depreciation and provisions for investments | 27 and 44 | 18 768 744 | 76 030 |
| Other interest and similar expenses | 44 | 22 078 206 | 27 569 125 |
| (C) | | 41 946 739 | 27 893 738 |
| | | 442 408 795 | 432 303 914 |
| Extraordinary expenses | 45 | 3 023 001 | 5 906 906 |
| (E) | | 445 431 796 | 438 210 820 |
| Income tax for the year | 38 | 21 149 593 | 4 314 457 |
| | | 466 581 389 | 442 525 277 |
| Minority interests | 53 | 29 675 262 | 39 804 690 |
| (G) | | 496 256 651 | 482 329 967 |
| Consolidated net profit for the year | | 30 837 144 | 44 146 058 |
| | | 527 093 795 | 526 476 025 |

The accompanying notes form an integral part of the consolidated statement of profit and loss by nature for the year ended 31 december 2002.

(Amounts stated in Euros)

| INCOME | Notes | 2002 | 2001 | | |
|---|-----------|-------------|-------------|-------------|-------------|
| Sales of merchandise and finished goods | 36 | 472 331 057 | | 484 176 491 | |
| Services rendered | 36 | 18 729 454 | 491 060 511 | 16 427 013 | 500 603 504 |
| Variation in production | | | 6 115 724 | | (1 016 072) |
| Work for the company | | | 275 858 | | 173 327 |
| Supplementary income | | 2 989 362 | | 2 528 470 | |
| Subsidies | | 67 736 | | 32 184 | |
| Other operating income | | 1 501 313 | 4 558 411 | 2 351 236 | 4 911 890 |
| (B) | | | 502 010 504 | | 504 672 649 |
| Gain on investments: | | | | | |
| Relating to affiliated companies | 27 and 44 | 8 163 803 | | 6 877 129 | |
| Relating to other companies | 44 | 8 858 929 | | 8 286 944 | |
| Income from marketable securities | 44 | 478 108 | | 1 185 562 | |
| Other interest and similar income: | | | | | |
| Income relating to group and affiliated companies | | 127 174 | | 156 374 | |
| Other | 44 | 1 965 514 | 19 593 528 | 1 191 086 | 17 697 095 |
| (D) | | | 521 604 032 | | 522 369 744 |
| Extraordinary income | 45 | | 5 489 763 | | 4 106 281 |
| (F) | | | 527 093 795 | | 526 476 025 |

| | 2002 | 2001 |
|--|--------------|--------------|
| Operating results: (B) - (A) | 101 548 448 | 100 262 473 |
| Net financial results: (D - B) - (C - A) | (22 353 211) | (10 196 643) |
| Current results: (D) - (C) | 79 195 237 | 90 065 830 |
| Profit before income tax and minority interests: (F) - (E) | 81 661 999 | 88 265 205 |
| Consolidated net profit for the year: (F) - (G) | 30 837 144 | 44 146 058 |

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY FUNCTIONS FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Amounts stated in Euros)

| | Notes | 2002 | 2001 |
|---|-------|--------------------|--------------------|
| Sales and services rendered | 36 | 491 060 511 | 496 587 030 |
| Cost of sales and services rendered | | (272 060 137) | (291 038 280) |
| Gross results | | 219 000 374 | 205 548 750 |
| Other operating income | | 8 393 663 | 11 090 214 |
| Distribution cost | | (50 907 021) | (49 272 490) |
| Administrative cost | | (41 195 805) | (38 123 582) |
| Other Operating Costs | | (12 277 755) | (14 047 621) |
| Operating results | | 123 013 456 | 115 195 271 |
| Financing net cost | | (19 491 997) | (25 381 861) |
| Income/(expenses with affiliated companies) | | 7 399 273 | 6 628 545 |
| Income/(expenses with other investments) | | (28 157 380) | (7 552 014) |
| Non usual or non frequent results | | (1 101 353) | 3 955 264 |
| Current results | | 81 661 999 | 92 845 205 |
| Income tax for the year | 38 | (21 149 593) | (8 894 457) |
| Minority Interests | | (29 675 262) | (39 804 690) |
| Net profit for the year | | 30 837 144 | 44 146 058 |
| Net profit per share | | 0.26 | 0.37 |

The accompanying notes form an integral part of the consolidated statements of profit and loss by functions for the year ended 31 December 2002.

**NOTES TO THE CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2002 AND THE CONSOLIDATED STATEMENT
OF PROFIT AND LOSS BY NATURE FOR THE YEAR THEN ENDED**

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE - NOTE 60).

(Amounts stated in Euros)

Introduction

The Semapa Group ("the Group") is formed by Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and its subsidiaries (Note 1). Semapa was incorporated in 21 June 1991 and its main object consists of the management of financial investments in other companies, as an indirect form of carrying out economic activity.

Semapa is the main company of a group with activities in Portugal, Tunisia, Spain, Angola, Holland, Greece, Lebanon and Cape Verde and its main activities are the production of cement, through its subsidiaries, in the Maceira, Pataias, Gabès (Tunisia) and Lobito (Angola) plants and the production and commercialisation of ready mixed concrete and clay and the operation of quarries, also through its subsidiaries.

The numbering of the notes, which follow, is as defined in the Official Chart of Accounts ("Plano Oficial de Contabilidade - POC") for consolidated financial

statements. The numbers not included relate to notes that are either not applicable to the Group, or their presentation is not material to the consolidated financial statements.

I. INFORMATION CONCERNING COMPANIES INCLUDED IN CONSOLIDATION AND OTHERS

1. COMPANIES INCLUDED IN THE CONSOLIDATION

The parent company Semapa – Sociedade de Investimentos e Gestão, SGPS, S.A. and its subsidiaries listed in Appendix 1 were fully consolidated based on the rules established in line a), Article 1 of Decree-Law 238/91 of 2 July (majority of voting rights).

The change in the companies included in the consolidation by the integral method is shown in Note 14.

2. COMPANIES EXCLUDED FROM THE CONSOLIDATION

Group companies listed in Appendix 2 were excluded from the consolidation, for the reasons explained below.

Group companies Secil Energia, Lda. and Trochee Investment, B.V., were excluded from consolidation due to their immateriality, both individually and in total, in relation to the financial position and results of operations of the Semapa Group, as set forth in item 1 Article 4 of Decree-Law 238/91, of 2 July.

The participation in Asfalbetão Transportes, Lda. was excluded from consolidation considering that it is in liquidation.

The subsidiary Enersis – Sociedade Gestora de Participações Sociais, S.A. (“Enersis”), which indirectly operates mini hydroelectric plants and eolic energy parks, included in the Group’s consolidation, prepared consolidated financial statements for the first time in 2001. As a result of this, and of the different nature of the operations of these subsidiaries, the fact that the activity’s financing is structured as a “Project Finance” system and also its plants being operated on a concession basis, this subsidiary was included in the consolidated financial statements in accordance with the equity method rather than fully consolidated. Consequently, the consolidated assets and liabilities of Enersis were not included in the accompanying consolidated financial statements, the investment in Enersis being recorded in accordance with the equity method. As of 31 December 2002, the total consolidated assets and consolidated income of this subsidiary were of Euros 151,280,620 and Euros 29,721,430,

respectively.

The subsidiary Tecnosecil, SARL, was excluded from the consolidation as set forth in item 3 Article 4 of Decree-Law 238/91, of 2 July. Consequently, this investment has been consistently recorded at cost.

3. AFFILIATED COMPANIES

The associated companies listed in Appendix 3, were included in the consolidated financial statements in accordance with the equity method, as provided for in item 13.6 of the consolidation procedures established in Decree-Law 238/91 of 2 July.

7. AVERAGE NUMBER OF EMPLOYEES

The companies included in the consolidation had the following average number of employees in 2002 and 2001:

BY ACTIVITY

| | 2002 | 2001 |
|-------------------------------------|--------------|--------------|
| Portugal | | |
| Cement | 750 | 762 |
| Ready Mixed Concrete and Aggregates | 582 | 598 |
| Others | 190 | 184 |
| Tunisia | | |
| Cement | 488 | 518 |
| Ready Mixed Concrete | 85 | 88 |
| Total | 2 095 | 2 150 |

III. INFORMATION CONCERNING THE CONSOLIDATION PROCEDURES

10. CONSOLIDATION DIFFERENCES

a) Consolidation differences included in equity

The balance of the equity caption "Consolidation differences" in the amount of Euros 2,467,979, reflects the adjustments recorded as of the first application of the equity method as well the adjustments made by Secil and other subsidiaries directly to their own equity, after that date.

The movements occurred directly in Secil's and other subsidiaries' caption "Retained earnings" and other equity captions, and the correspondent effect in the caption "Consolidation differences" in Semapa are described in Note 51.

| | Year | Cost | Proportion of equity held % | Goodwill (Note 27) | Amortisation period (years) | Amortisation for the year (Note 27) | Accumulated amortisation (Note 27) |
|---|------|-------------|-----------------------------------|-----------------------|-----------------------------------|---|--|
| Acquisitions of Secil: | | | | | | | |
| CMP, S.A. | 1994 | 182 713 032 | 97 | 95 361 753 | 14 | 4 883 564 | 41 642 546 |
| Betão Liz, S.A. | 1999 | 2 168 798 | 7 | 722 853 | 20 | 36 143 | 144 571 |
| Secil, Betões e Inertes, SGPS, S.A. | 2000 | 40 555 771 | 94 | 100 139 | - | - | 100 139 |
| Société des Ciments de Gabès | 2000 | 244 553 770 | 99 | 87 471 646 | 20 | 4 373 582 | 13 120 747 |
| Tercim - Terminais de Cimento, S.A. | 2001 | 249 399 | 100 | 190 257 | 5 | 38 052 | 76 103 |
| Cimentaçor - Cimentos dos Açores, Lda. | 2001 | 1 363 381 | 5 | 1 042 019 | 5 | 208 404 | 416 807 |
| Others | 2002 | 1 631 000 | 100 | 1 600 000 | 5 | - | - |
| | | 473 235 151 | | 186 488 667 | | 9 539 745 | 55 500 913 |
| Acquisitions of CMP: | | | | | | | |
| Enersis, SGPS, S.A | 1994 | 10 866 781 | 90 | 6 050 169 | 15 | 464 264 | 3 264 566 |
| Acquisitions of Secil, Betões e Inertes, SGPS, S.A.: | | | | | | | |
| Unibetão - Indústrias de Betão, S.A. | 2000 | 5 128 | 100 | 5 128 | 5 | 1 026 | 3 077 |
| Secil Betão - Indústrias de Betão, S.A. | 2000 | 556 339 | 100 | 556 339 | 5 | 111 268 | 333 804 |
| Sulbetão - Preparados de Betão, S.A. | 2000 | 987 869 | 100 | 987 869 | 5 | 197 574 | 592 722 |
| Betopal - Betões Preparados, S.A. | 2000 | 33 355 | 100 | 31 897 | 5 | 6 379 | 19 138 |
| ECOB - Empresa de Construção e Britas, S.A. | 2000 | 9 143 | 100 | 5 028 | 5 | 1 006 | 3 017 |
| Asfalbetão - Sociedade Industrial, Lda. | 2001 | 5 994 987 | 90 | 5 741 780 | 20 | 287 089 | 861 267 |
| Asfalbetão - Sociedade Industrial, Lda. | 2002 | 434 727 | 10 | 370 850 | 20 | 18 542 | 18 542 |
| Asfalbetão Transportes, Lda. | 2001 | 251 703 | 100 | 190 963 | - | 171 867 | 190 963 |
| Almeida & Carvalhais, Lda. | 2001 | 5 662 134 | 81 | 4 274 795 | 20 | 213 739 | 427 479 |
| Almeida & Carvalhais, Lda. | 2002 | 423 790 | 9 | 254 476 | 19 | 13 386 | 13 386 |
| Almeida & Carvalhais, Lda. | 2002 | 103 055 | 2 | 61 943 | 19 | 3 258 | 3 258 |
| Vermofeira - Extração e Comércio de Areias, Lda. | 2001 | 55 152 | 50 | 11 108 | 5 | 2 222 | 4 443 |
| Lisconcreto - Betão Pronto, S.A. | 2000 | 1 203 046 | 100 | 1 100 910 | 19 | 57 908 | 173 724 |
| Britobetão - Central de Betão, S.A. | 1998 | 110 494 | 55 | 55 626 | 5 | 11 125 | 55 626 |
| Betostrong - Indústria de Betão, Lda. | 2002 | 1 745 105 | 100 | 1 311 171 | 20 | 65 559 | 65 559 |
| Betalves - Betão Preparado, S.A. | 2002 | 653 766 | 100 | 582 701 | 20 | 29 135 | 29 135 |
| Macrobetão - Comércio e Distribuição de Betões, S.A. | 2002 | 725 462 | 100 | 688 527 | 20 | 34 426 | 34 426 |
| | | 18 955 255 | | 16 231 111 | | 1 225 509 | 2 829 566 |
| Acquisition of Société des Ciments de Gabès: | | | | | | | |
| Sud-Béton-Société de Fabrication de Béton du Sud | 2001 | 5 425 365 | 100 | 3 747 400 | 10 | 374 740 | 749 479 |
| | | | | 212 517 347 | | 11 604 258 | 62 344 524 |

b) Consolidation differences included in intangible Assets

As from 1991 the consolidation differences related with Group and associated companies are recorded under the caption "Intangible assets" at cost, deducted from amortisation. As of 31 December 2002 this caption was made up as follows:

The acquisitions in the year ended 31 December 2002 resulted in consolidation differences of Euros 4,869,668 (Note 27), including Euros 1.600.000, resulting from investments effected by Secil, in December 2002, to be amortized over a period of five years, beginning in 2003.

The difference of Euros 15,533 between the amortisation for the year mentioned on this Note and the correspondent amount mentioned on Note 27, of Euros 11,619,791, is due to the exchange adjustment.

By application by the Group, for the first time, at 1 January 2002, of the accounting policy of deferred taxes (Note 23 i)), the adjusted equity of the subsidiary Société des Ciments de Gabès, was decreased in the amount of Euros 64,403,240. The effect of this adjustment in the consolidated financial statements consisted in the record of a deferred tax liability in the amount of Euros 64,403,240 (Note 38), by correspondent charge to the assets caption "Consolidation differences" (Note 27). Additionally, the amortisation of 2000 and 2001, in the amount of Euros 6,440,324 were recognized in the caption "Accumulated amortisation of consolidation differences" (Note 27), by charge of the equity caption "Consolidation differences" and the caption "Minority interests", in the amounts of, respectively, Euros 3,566,447 (Note 51) and Euros 2,873,877 (Note 53).

During the year ended 31 December 2002, the Group has recorded an extraordinary amortisation over the consolidation difference of the subsidiary Asfalbetão Transportes, Lda. amounting to Euros 162,319, net of accumulated amortisation of Euros 28,644, as this company is in a process of liquidation, as described in Note 2.

In April 2002, the subsidiary Secil acquired a participation in Ciment de Sibline, S.A.L. with headquarters in Beirut, Lebanon, representing 21.2172% of its capital (Note 3), at a cost of Euros 22,854,680, resulting in negative goodwill of Euros 238,717 (Note 27) which was recorded under the caption "Deferred income" (Note 56), for amortisation to the statement of profit and loss over a period of five years, beginning in April 2002..

14. CHANGE IN THE COMPANIES INCLUDED IN THE CONSOLIDATION

The following changes took place in the companies included in the consolidation in the year ended 31 December 2002:

Acquisitions:

- Acquisition of 100% of the capital of Florimar - Gestão e Participações, SGPS, Lda., with head office in Funchal - Madeira- Portugal;
- Acquisition of 100% of the capital of Somera Trading Inc. with head office in the Republic of Panama;
- Acquisition of 100% of the capital of Betostrong - Indústrias de Betão, Lda. with head office in Mafra - Portugal;
- Acquisition of 100% of the capital of Betalves - Betão Preparado, S.A., with head office in Penafiel - Portugal;

- Acquisition of 100% of the capital of Macrobetão - Comércio e Distribuição de Betão, S.A., with head office in Leiria - Portugal.
- Acquisition of 100% of the capital of Betopal, S.L., with head office in Madrid.

Incorporations:

- Incorporation of Seciment Investments, B.V., with head office in Amsterdam and capital of Euros 18,000 on which Secil has a participation of 100%;
- Incorporation of CMP Investments, B.V., with head office in Amsterdam and capital of Euros 18,000 on which CMP has a participation of 100%;
- Incorporation of Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda. with head office in Lisbon and capital of Euros 5,000, on which Secil has a participation of 58.4%;
- Incorporation of Seinpar Investments, BV, with capital of Euros 18,000, on which Semapa has a participation of 100%;
- Incorporation of Cimenpar Investment BV, with capital of Euros 18,000, on which Secil - Investimentos, SGPS, S.A. has a participation of 100%;

The total assets, liabilities and income of the companies included in the consolidation amount to Euros 10,602,692, Euros 4,005,848 and Euros 6,822,450 respectively at 31 December 2002.

In addition the Group increased its investment in (i) Asfalbetão - Sociedade Industrial, Lda., by acquiring an additional participation of 10% and (ii) Almeida & Carvalhais, Lda. by acquiring an additional participation of 11%, these companies already having been fully consolidated in the preceding year.

Semapa acquired to Secil, through its subsidiary Seinpart Investments B.V., the totality of the capital of Secil - Investimentos, SGPS, S.A..

15. CONSISTENCY OF VALUATION CRITERIA APPLIED

The valuation criteria used by the Group companies included in the consolidation are consistent and are described in Note 23.

17. AMORTISATION OF CONSOLIDATION DIFFERENCES

Consolidation differences are amortised on a straight-line basis over periods that vary from 5 to 20 years. The periods were determined considering the nature of the operations of the companies and the estimated period for return of the investment. Consolidation differences arising on the acquisition of additional participations in subsidiary companies are amortised over the remaining period of useful life defined for amortisation of the initial consolidation differences.

Amortisation of the consolidation differences is recorded in the consolidated statement of profit and loss, under the caption "Depreciation and amortisation" (Note 27).

18. BASIS OF RECORDING INVESTMENTS IN AFFILIATED COMPANIES

Investments in affiliated companies are recorded in accordance with the equity method.

IV. INFORMATION RELATING TO COMMITMENTS

21. PENSIONS

As mentioned in Note 23 h), the Group implemented the following pension plans:

(i) Defined benefits plans with autonomous funds managed by a third party

Secil and its subsidiaries: (i) CMP- Cimentos Maceira e Pataias, S.A., (ii) Unibetão – Indústrias de Betão Preparado, S.A., (iii) Secil Betão – Indústrias de Betão, S.A., and (iv) Sulbetão – Preparados de Betão, S.A., have assumed the commitment to pay their employees pension complements for retirement due to age, incapacity, early retirement and survivor pensions. The liabilities regarding these commitments, with exception to Betopal – Betões Preparados, S.A., are covered by autonomous funds, managed by third parties, the assets of the fund being segregated from those of the subsidiaries. The liability under the plan is valued half yearly by specialized independent entities, using the: (i) Credit Projected Unit (Secil and CMP) and (ii) Aggregate method (Unibetão, Secil Betão and Sulbetão).

In accordance with actuarial valuations, prepared by specialized independent entities, the present value of the past service liability for the retirement benefits (total liability) of current and retired employees as well as the market value of the funds as of 31 December 2002 and 2001 are as follows:

| | 2002 | | 2001 | |
|-----------------------------|------------------|----------------------------------|------------|------------|
| | Secil and CMP | Group Secil, Betões e Inertes | Total | Total |
| Liability for past services | 30 398 104 | 655 545 | 31 053 649 | 31 950 422 |
| Market value of the Fund | 31 129 215 | 1 755 873 | 32 885 088 | 32 945 238 |
| | 731 111 | 1 100 328 | 1 831 439 | 994 816 |

In overall terms, the Group's liabilities are covered by the funds, although individually some liabilities are overfunded and some underfunded, as follows:

| | 2002 | | 2001 | |
|--------------|------------------|----------------------------------|-----------|-----------|
| | Secil and CMP | Group Secil, Betões e Inertes | Total | Total |
| Overfunding | 1 103 161 | 1 100 328 | 2 203 489 | 1 329 529 |
| Underfunding | (372 050) | - | (372 050) | (334 713) |
| | 731 111 | 1 100 328 | 1 831 439 | 994 816 |

The overfunding of Euros 2,203,489, results from the fact that (i) in previous years Secil made contributions to the fund in excess of the pensionable basis considered in

the calculation of the liability, which was detected and corrected in the year ended 31 December 2002 and (ii) the Secil Betões e Inertes group reduced the number of employees since the funds were established and those employees had not acquired pension rights. This amount is not reflected in the financial statements of the Group as of 31 December 2002.

The underfunding of CMP's Fund, of Euros 372,050, is recorded as a liability under the caption "Provisions for pensions" (Note 46).

Evolution of the equity of the Group's pension funds during the years ended 31 December 2002 and 2001 is as follows:

| | 2002 | | 2001 | |
|--------------------------------------|---------------|-------------------------------|-------------|-------------|
| | Secil and CMP | Group Secil, Betões e Inertes | Total | Total |
| Balance at the beginning of the year | 31 193 204 | 1 752 034 | 32 945 238 | 34 065 753 |
| Contributions made during the year | 2 050 000 | - | 2 050 000 | 1 147 235 |
| Charges for managing the fund | (88 271) | (179 033) | (267 304) | (120 912) |
| Income of the fund for the year | 454 546 | 206 426 | 660 972 | 430 520 |
| Pensions paid during the year | (2 480 264) | (23 554) | (2 503 818) | (2 577 358) |
| Balance at the end of the year | 31 129 215 | 1 755 873 | 32 885 088 | 32 945 238 |

Contributions made to the fund during year ended 31 December 2002, in the amount of Euros 2,050,000, were recorded in the captions "Payroll expenses – social charges" in the amount of Euros 1,247,280 and, by use of previously constituted provisions, in the caption "Provisions for risks and costs – other provisions for risks and costs", in the amount of Euros 802,720 (Note 46).

The actuarial valuations as of 31 December 2002 and 2001 used the following assumptions:

| | 2002 | | 2001 | |
|--|--|------------------------|--|------------------------|
| | Secil and CMP | Secil Betões e Inertes | Secil and CMP | Secil Betões e Inertes |
| Incapacity table | EKV 80/ Swiss Re | EKV 80/ Swiss Re | EKV 80/ Swiss Re | EKV 80/ Swiss Re |
| Mortality table | TV 73/77 | TV 73/77 | TV 73/77 | TV 73/77 |
| Salary growth rate | 3,0% | 3,0% | 3,0% | 3,0% |
| Fund income rate | 5,5% | 4,5% | 5,5% | 4,5% |
| Technical interest rate - pensioners | 4,5% | 4,5% | 4,5% | 4,5% |
| Pension growth rate | 2,0% | 0,0% | 2,0% | 0,0% |
| Formula for the Social Security Benefits | Decree-Law 35/2002 from February, 19th | | Decree-Law 329/1993 from September, 25th | |

(ii) Unfunded defined benefit plan

The liability relating to retired personnel as of the date of foundation of the fund and the liability for the 14th month relating to pensioners since that date are the direct

responsibility of Secil. These liabilities are also valued half yearly by an independent entity, using the capital coverage method for calculation of the corresponding single premiums for immediate life pensions for valuation of the liability relating to current pensioners and the projected unit credit method for valuation of the liability relating to current employees. The liability is fully provided for under the caption "Provisions for pensions" (Note 46) in accordance with the actuarial valuation as of 31 December 2002. In the years ended 31 December 2002 and 2001 Secil's liability was as follows:

| | 2002 | 2001 |
|--------------------------------------|-------------|-------------|
| Balance at the beginning of the year | 14 453 503 | 15 098 696 |
| Cost of interests | 623 107 | 605 809 |
| Pensions paid during the year | (1 596 710) | (1 592 386) |
| Actuarial losses | 921 285 | 220 456 |
| Actuarial gains | (68 109) | - |
| Pension growth | 111 505 | 30 018 |
| Current services growth | 19 187 | 90 910 |
| Balance at the end of the year | 14 463 768 | 14 453 503 |

The liability generated in the year ended 31 December 2002, had an increase of Euros 1,696,027 and a decrease of Euros 89,052 (Euros 20,943 relating to employees retiring during the year and Euros 68 109 relating to actuarial gains in the evolution of the liability of the current employees) corresponding to a net increase of Euros 1,606,975. The above mentioned liability of Euros 1,696,027 was recorded in the caption "Provisions for risks and costs – provisions for pensions" (Note 46) by corresponding charges of Euros 1,676,840 to the caption "Payroll expenses – social charges" and Euros 19,187 to the caption "Accruals and deferrals – deferred costs" (Note 56).

During the year ended 31 December 2002 the Company paid retirement pension complements totalling Euros 1,596,710 to pensioners, which were recorded as a decrease in the provision set up for that purpose (Note 46). The amount of Euros 89,052, corresponding to the decrease in the liability to current employees, referred to above, was reversed from the provision (Note 46).

The assumptions used in the actuarial calculations, are the following:

| | 2002 | 2001 |
|--------------------------------------|------|------|
| Salary growth rate | 3.0% | 3.0% |
| Technical interest rate - pensioners | 4.5% | 4.5% |
| Pension growth rate | 2.0% | 2.5% |

22. RESPONSABILITIES UNDER GUARANTEES GIVEN

As of 31 December 2002 the Group had responsibilities under bank guarantees totalling Euros 18,746,014, from which highlight the bank guarantees to IAPMEI, related with: (i) the "SIME – Sistema de Incentivos à Modernização Empresarial" Program in the amount of Euros 13,229,198 and (ii) PEDIP, in the amount of Euros

1,818,961.

In addition, during year 2000, Secil contracted bank loans to finance the acquisition of Société des Ciments de Gabés, in Tunisia. Under the terms of those loans, the Company provided an irrevocable power of attorney to the banks, enabling them to pledge the shares of that company in guarantee of the loan, in the event of non-compliance by the Company with the terms of the loan.

V. INFORMATION CONCERNING ACCOUNTING POLICIES

23. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on a going concern basis from the accounting records of the companies included in the consolidation (Note 1) maintained in accordance with generally accepted accounting principles in Portugal.

Consolidation principles

The subsidiary companies referred to in Note 1 were consolidated by the full consolidation method. Significant transactions and balances between the companies were eliminated in the consolidation process. Third party participation in subsidiary companies is reflected in the caption "Minority interests".

Investments in affiliated companies are stated in the consolidated financial statements in accordance with the equity method.

Investments representing less than 20% of the capital of the participated companies are recorded at the lower of cost or estimated realisable value (except for the investment in Cimentos Madeira, Lda., which is recorded in accordance with the equity method).

The financial statements of foreign companies are translated to Euros at year-end exchange rate for assets and liabilities and historical exchange rate for the equity captions. Profit and loss captions are translated to Euros at the average monthly exchange rate, which represents approximately the exchange rate at transactions date. The exchange differences resulting from application of the above mentioned exchange rates are reflected in the caption "Accumulated exchange adjustments".

Principal accounting policies

The principal accounting policies used in the preparation of the consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are stated at cost, which is amortised on a straight-line basis during a period, which varies between 3 and 10 years, except for the cost of the rights acquired to operate stone quarries, which are not being amortised. Consolidation differences arising on the acquisition of investments are amortised as explained in Notes 10 and 17.

b) Tangible fixed assets

Tangible fixed assets acquired up to 31 December 1997 are stated in general at cost, revalued in accordance with applicable legislation (Note 41). Tangible fixed assets acquired after that date are stated at cost. The tangible fixed assets of CMP and Société

des Ciments de Gabés (SCG) are stated at cost based on valuations made by independent entities.

Depreciation is computed essentially on a straight line basis as from the date the assets start being used, at rates acceptable for income tax purposes to depreciate the fixed assets during their estimated useful lives. Some categories of assets, for which legislation permits the use of decreasing rates, are being depreciated at such rates.

c) Finance lease contracts

Fixed assets acquired under finance lease contracts and the corresponding liabilities are recorded using the financial method. Under this method the cost of the assets is recorded under tangible fixed assets, the corresponding liabilities are recorded and the interest included in the lease instalments and depreciation of the fixed assets, computed as explained in Note 23 b), are recorded as expenses in the consolidated statement of profit and loss for the year to which they relate.

d) Investments

Investments in affiliated companies are stated based on the equity method. Under this method investments are initially stated at cost, which is then increased or decreased to correspond to the proportional amount of the equity of these companies at the acquisition date or at the date the equity method is applied for the first time.

Differences between cost and the corresponding proportion of equity in these companies as of the acquisition date, after fair value of assets and liabilities, are recorded: (i) as intangible assets under the caption "Consolidation differences", when the difference is positive, being amortised during the average estimated recovery period for the investments (Note 17), and (ii) as "Deferred income" when the difference is negative (Note 56), and amortised during five years.

In accordance with the equity method investments are adjusted annually by charge or credit to the caption loss or gain relating to affiliated companies in the statement of profit and loss by the amount of the Group's share in their net results. Additionally, dividends received from these companies are deducted from investments in the year in which they are received.

Investments representing less than 20% are stated at the lower of cost or estimated realisable value (except for the investment in Cimentos Madeira, Lda. which is stated based on the equity method).

Real estate investments are stated at cost, revalued in accordance with applicable legislation, deducted from the correspondent depreciation.

e) Inventories

Inventories are stated in accordance with the following criteria:

i) Merchandise and raw, subsidiary and consumable materials

Merchandise and raw, subsidiary and consumable materials are stated at average cost which is lower than market value. Cost includes all expenses incurred up to

receipt of the material in the warehouse.

ii) Finished goods, intermediate products and work-in-progress

Finished goods, intermediate products and work-in-progress, are stated at average production cost which is lower than market value. Production cost includes the raw materials used in production, payroll costs and production overheads.

f) Marketable securities

Marketable securities are stated at the lower of cost or market value.

g) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euros at the exchange rates prevailing as of the balance sheet dates. Exchange gains and losses arising due to differences between the historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses, in the consolidated statement of profit and loss for the year.

h) Pensions

Secil and several subsidiaries have assumed the commitment to pay their employees pension complements for retirement due to age, incapacity, early retirement and survivor pensions. As explained in Note 21 the Group has established autonomous pension funds to fund the liability for such payments. The other part is a direct liability of the Group. The Group's total liability (whether funded or not) is valued on a half yearly basis, for each fund separately, by specialised independent entities. That liability is stated in the balance sheet, net from the market value of the funds. Annual contributions to the fund not covered by provisions previously recorded and increases in the provision are charged to the consolidated statement of profit and loss for the period in which they are made in the caption "Payroll expenses - Social charges".

The cost related with past services of current employees has been deferred and will be recorded as cost in accordance with the average number of years in service of the Company's employees.

i) Income tax

Income tax for the year ended 31 December 2002 includes current and deferred tax. Up to 31 December 2001, the income tax included only the current tax. Income tax is recognised in the statement of profit and loss, except that relating to gains and losses recorded directly in reserves, in which case the income tax is also recorded directly in reserves, namely, that relating to the effect of asset revaluations.

Current income tax is determined based on the net profit, adjusted in accordance with legislation in force as of the balance sheet date.

The deferred tax is calculated in accordance with the liability method, based on the

timing differences between recognition of assets and liabilities for accounting and for taxes purposes. Deferred taxes are calculated at the rates expected to be in force when the timing differences revert.

The Group recognizes deferred tax assets when there is reasonable expectation that future profits will be generated, against which the assets can be used. Deferred tax assets are reviewed annually and decreased whenever it becomes probable that they will not be able to be used.

As explained in Note 38 and referred to above, in the year ended 31 December 2002 the Company computed deferred tax assets and liabilities in order to apply Portuguese Accounting Directive 28. The deferred tax assets and liabilities as of 1 January 2002, in the amounts of Euros 42,044,302 and Euros 94,021,914 were recorded as an increase of Euros 7,886,843 in the equity caption "Consolidation Differences", a decrease of Euros 1,060,246 in "Revaluation reserve", an increase of Euros 5,599,031 in the liabilities caption "Minority interests" and an increase of Euros 64,403,240 in the assets caption "Consolidation differences". The effect for the year, in the amount of Euros 10,948,690 was recorded as a credit to net profit for the year.

j) Provisions

The provisions are recorded in the amounts necessary to cover estimated financial losses.

k) Subsidies to finance tangible fixed assets

Non-repayable subsidies attributed to the Group to finance tangible fixed assets are recorded as deferred income (Note 56) and amortised to extraordinary income in the consolidated statement of profit and loss in proportion to the depreciation of the subsidised tangible fixed assets.

i) Accrual basis

The Group records income and expenses on an accrual basis. Under this basis income and expenses are recorded in the year to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in accrual and deferral captions (Note 56).

m) Segment information

A *business segment* is a distinguishable component of the Group, committed to supply an individual product, and which is subject to different risks and returns from the other business segments of the Group. Three business segments were identified: Cement,

ready mixed Concrete and Aggregates.

A geographical segment is a distinguishable component of the Group, committed to supply products inside a specific economic environment, and which is subject to different risks and returns from the other geographical segments of the Group that act in different economic environments. Two major geographical business segments were identified: Portugal and Tunisia.

24. TRANSLATION RATES

All assets and liabilities of foreign subsidiary and affiliated companies are translated to Euros at the exchange rates prevailing at 31 December 2002. The profit and loss captions are translated to Euros at the average exchange rates for the year. Differences resulting from application of the above mentioned exchange rates when compared to previous amounts were reflected in the equity caption "Accumulated exchange adjustments".

The following exchange rates were used as of 31 December 2002 and 2001:

| | 2002 | 2001 |
|-----------------------------------|----------|--------|
| TND (tunisian dinar) | | |
| Average exchange rate of the year | 1.3446 | 1.2861 |
| Exchange rate as of 31 December | 1.4003 | 1.2903 |
| LBN (lebanese pound) | | |
| Average exchange rate of the year | 1 438.92 | - |
| Exchange rate as of 31 December | 1 580.92 | - |

The foreign associated company, Ciment de Sibline, S.A.L., with head office in Lebanon, was acquired in April 2002, its financial statements being translated to Euros at the exchange rate as of that date, 1,337.77.

| Caption | Fixed Assets | | | | | | |
|--|-----------------|------------------------------------|----------------------|------------|-------------|-------------------------------------|-----------------|
| | Opening balance | Changes in consolidation perimeter | Exchange adjustments | Increases | Sales | Adjustments transfers and disposals | Closing balance |
| Intangible assets: | | | | | | | |
| Incorporation expenses | 4 406 390 | 5 510 | - | 807 833 | (146 265) | (1 410 328) | 3 663 140 |
| Research and development expenses | 1 065 210 | 11 380 | - | 168 179 | - | 68 636 | 1 313 405 |
| Industrial property and other rights | 87 556 725 | - | (6 394) | 12 076 | - | - | 87 562 407 |
| Goodwill | 335 952 | - | (10 242) | - | - | - | 325 710 |
| Consolidation differences (Note 10) | 143 563 908 | - | (319 471) | 4 869 668 | - | 64 403 242 | 212 517 347 |
| Intangible assets in progress | 517 635 | - | - | 45 360 | - | (460 599) | 102 396 |
| Advances to suppliers of intangible assets | - | - | - | 7 885 | - | - | 7 885 |
| | 237 445 820 | 16 890 | (336 107) | 5 911 001 | (146 265) | 62 600 951 | 305 492 290 |
| Tangible fixed assets: | | | | | | | |
| Land and natural resources | 41 864 499 | 21 489 | (26 544) | 419 888 | (12 174) | 390 061 | 42 657 219 |
| Buildings and other constructions | 280 746 105 | 4 582 504 | (1 105 890) | 1 117 659 | (12 470) | 982 278 | 286 310 186 |
| Machinery and equipment | 817 605 603 | 4 652 322 | (3 114 705) | 14 233 571 | (4 876 180) | (8 497 301) | 836 997 912 |
| Transport equipment | 41 285 611 | 625 930 | (708 655) | 2 803 666 | (3 371 605) | (49 579) | 40 585 368 |
| Tools and utensils | 3 831 135 | - | - | 197 197 | (1 495) | 11 417 | 4 038 254 |
| Administrative equipment | 22 479 360 | 49 244 | (4 433) | 1 312 951 | (83 719) | 745 622 | 24 499 025 |
| Reusable containers | 18 801 | - | - | - | - | - | 18 801 |
| Other tangible fixed assets | 7 517 761 | 65 047 | (265 045) | 859 333 | (19 973) | 241 820 | 8 398 943 |
| Construction in progress | 10 235 767 | 13 180 | (72 270) | 15 960 752 | (28 711) | (11 118 810) | 14 989 908 |
| Advances to suppliers of tangible fixed assets | 381 481 | - | - | 1 656 808 | - | (104 332) | 1 933 957 |
| | 1 225 966 123 | 10 009 716 | (5 297 542) | 38 561 825 | (8 406 327) | (404 222) | 1 260 429 573 |
| Financial investments: | | | | | | | |
| Investments in subsidiaries | 11 677 031 | - | - | 295 | (10 638) | 5 002 517 | 16 669 205 |
| Investments in affiliated companies | 23 366 036 | - | - | 23 132 082 | (171 076) | (4 783 335) | 41 543 707 |
| Loans to affiliated companies | 2 211 882 | - | - | - | - | (1 825 494) | 386 388 |
| Securities and other investments: | | | | | | | |
| Investments in other companies | 213 375 257 | - | - | 259 425 | - | 1 707 035 | 215 341 717 |
| Other financial investments | 545 976 | - | 32 100 | - | - | - | 578 076 |
| Real estate investments | 2 725 497 | - | - | - | (167 960) | - | 2 557 537 |
| Advances on account of investments | 30 000 | - | - | - | - | (30 000) | - |
| | 253 931 679 | - | 32 100 | 23 391 802 | (349 674) | 70 723 | 277 076 630 |
| | 1 717 343 622 | 10 026 606 | (5 601 549) | 67 864 628 | (8 902 266) | 62 267 452 | 1 842 998 493 |

| Caption | Accumulated amortisation, depreciation and provisions | | | | | | |
|--------------------------------------|---|------------------------------------|----------------------|------------|-------------|-------------------------------------|-----------------|
| | Opening balance | Changes in consolidation perimeter | Exchange adjustments | Increase | Sales | Adjustments transfers and disposals | Closing balance |
| Intangible assets: | | | | | | | |
| Incorporation expenses | 3 767 943 | 4 329 | - | 549 934 | - | (1 924 969) | 2 397 237 |
| Research and development expenses | 783 556 | 11 380 | - | 319 777 | - | (11 380) | 1 103 333 |
| Industrial property and other rights | 3 860 374 | - | (5 702) | 1 792 522 | - | - | 5 647 194 |
| Goodwill | 20 101 | - | (1 828) | 6 256 | - | - | 24 529 |
| Consolidation differences (Note 10) | 44 331 890 | - | (47 481) | 11 619 791 | - | 6 440 324 | 62 344 524 |
| | 52 763 864 | 15 709 | (55 011) | 14 288 280 | - | 4 503 975 | 71 516 817 |
| Tangible fixed assets: | | | | | | | |
| Land and natural resources | 7 005 254 | - | - | 500 915 | (2 018) | - | 7 504 151 |
| Buildings and other constructions | 182 071 170 | 2 471 251 | (828 682) | 7 162 035 | (6 235) | (21 949) | 190 847 590 |
| Machinery and equipment | 631 529 140 | 3 922 699 | (2 640 771) | 35 243 484 | (3 695 052) | (121 779) | 664 237 721 |
| Transport equipment | 33 937 467 | 343 526 | (634 100) | 3 296 644 | (3 260 693) | (47 352) | 33 635 492 |
| Tools and utensils | 3 382 339 | - | - | 230 749 | (2 506) | 1 680 | 3 612 262 |
| Administrative equipment | 19 543 355 | 30 444 | (3 022) | 1 730 356 | (66 796) | 562 | 21 234 899 |
| Reusable containers | 16 816 | - | - | 443 | - | 292 | 17 551 |
| Other tangible fixed assets | 5 096 752 | 48 893 | (225 840) | 645 741 | (10 791) | 655 | 5 555 410 |
| | 882 582 293 | 6 816 813 | (4 332 415) | 48 810 367 | (7 044 091) | (187 891) | 926 645 076 |
| Financial investments: | | | | | | | |
| Investments in other companies: | | | | | | | |
| Provisions (Notes 44 and 46) | 106 987 | - | - | 18 135 745 | - | - | 18 242 732 |
| Securities and other investments: | | | | | | | |
| Provisions (Notes 44 and 46) | 34 876 | - | (3 628) | 22 312 | - | - | 53 560 |
| Real estate investments: | | | | | | | |
| Provisions (Note 46) | 756 062 | - | - | - | - | (25 044) | 731 018 |
| Depreciation (Note 44) | 1 357 583 | - | - | 41 041 | - | - | 1 398 624 |
| | 2 255 508 | - | (3 628) | 18 199 098 | - | (25 044) | 20 425 934 |
| | 937 601 665 | 6 832 522 | (4 391 054) | 81 297 745 | (7 044 091) | 4 291 040 | 1 018 587 827 |

VI. INFORMATION RELATING SPECIFIC CAPTIONS

27. MOVEMENT IN FIXED ASSETS

The movement in intangible assets, tangible fixed assets and investments, and the related accumulated amortisation, depreciation and provision accounts during the year ended 31 December 2002 was as follows:

The increase of Euros 10,026,606 in fixed assets, related with changes in perimeter respects essentially to the inclusion of assets from subsidiaries: Macrobetão, Betalves, Betostrong and Betopal, S.L., which were fully consolidated for the first time during the year ended 31 December 2002, as mentioned in Note 14.

During the year 2001, Group Secil Betões e Inertes decided to contract ready mixed concrete transportation services through outsourcing, and from then on its transportation fleet has been sold. This sell makes off the major selling of basic equipment recorded as of 31 December 2002.

The amount of Euros 14,989,908 in the caption construction in progress corresponds

| | Head office | Capital | Equity | Net income | % | Participation | |
|--|---------------|-------------|-------------|------------|--------|-----------------|----------------------------------|
| | | | | | | Book value | Proportional share in net income |
| Subsidiaries (a): | | | | | (b) | | |
| Trochee Investment BV | Amsterdam | 18 197 | 18 197 | (9 950) | 100,00 | 8 247 | (9 950) |
| Tecnosecil, SARL | Luanda | 263 451 | (g) | (g) | 70,00 | 183 523 | - |
| Enersis, S.G.P.S., S.A. | Lisbon | 4 750 000 | 11 869 182 | 6 096 258 | 89,92 | 16 154 536 | 5 481 755 |
| Secil - Energia, Lda. | Lisbon | 1 995 | 1 995 | - | 100,00 | 1 995 | - |
| Asfalbetão Transportes, Lda. | Torres Vedras | 49 880 | 314 698 | 6 202 | 100,00 | 320 904 | 6 202 |
| | | | | | | 16 669 205 | 5 478 008 |
| Affiliated companies: | | | | | | | |
| Betão Liz, S.A. | Lisbon | 7 000 000 | 29 353 601 | 3 222 889 | 33,37 | 10 869 667 | 1 075 368 |
| Transecil - Gestão Transportes Mar. Especiais, Lda. | Lisbon | 2 245 | 2 245 | | 33,33 | 748 | |
| Becim - Mediadora de Seguros, Lda. | Lisbon | 150 000 | 193 702 | 187 200 | 27,40 | 104 498 | 51 295 |
| Cimentaçor - Cimentos dos Açores, Lda. | P. Delgada | 1 246 995 | 6 508 753 | 3 457 670 | 25,00 | 2 491 606 | 864 418 |
| Secil Unicon - S.G.P.S., Lda. | Lisbon | 4 987 979 | 9 224 640 | 163 372 | 50,00 | 4 694 006 | 81 686 |
| Viroc Portugal - Indústria de Madeira e Cimento, S.A. | Setúbal | 8 708 014 | (1 750 528) | 13 874 | 32,83 | - (e) | - |
| Ecoresíduos - Centro de tratamento e Valorização de Resíduos, Lda. | Lisbon | 49 880 | 157 872 | (136 075) | 50,00 | 10 899 | (68 038) |
| ICV - Inertes de Cabo Verde, Lda. | Cape Verde | 680 179 | 336 168 | 41 937 | 37,50 | 141 789 | 15 726 |
| Ciment de Sibline S.A.L. | Beirut | 87 373 986 | 91 819 291 | 1 749 498 | 21,22 | 19 852 677 | 371 194 |
| Astakos Domika Alouminouha | Athens | 500 000 | 500 000 | - | 50,00 | 250 000 | - |
| Chryso - Aditivos de Portugal, S.A. | Lisbon | 50 000 | 68 683 | 50 966 | 40,00 | 47 860 | 20 386 |
| Cimianto - Sociedade Técnica de Hidráulica, S.A. | Alhandra | 1 500 000 | 7 257 620 | 273 431 | 39,96 | 3 009 333 | 109 260 |
| Cimentrans - Transportes de Cimento, Lda. | Lisbon | 299 279 | 346 916 | 80 768 | - | - (c) | 32 308 |
| Vermofeira - Extração e Comércio de Areias, Lda. | Carnaxide | 12 000 | 104 458 | 36 789 | 50,00 | 70 624 | 18 395 |
| | | | | | | 41 543 707 | 2 571 998 |
| Securities and other investments: | | | | | | | |
| Sadigolf - Turismo, S.A. | Setúbal | 1 237 019 | (g) | (g) | 0,07 | 19 453 | - |
| Secil Marítima, S.A. | Luanda | 249 399 | (g) | (g) | 42,90 | 106 986 (d) | - |
| Cimentos Madeira, Lda. | Funchal | 1 745 793 | 9 602 463 | 2 346 813 | 14,29 | 1 707 035 | 335 259 |
| Soset Soc. Desenvolvimento Regional Pen. Setúbal, S.A. | Setúbal | 299 279 | (g) | (g) | 1,67 | 49 880 | - |
| Banco Espírito Santo, S.A. | Lisbon | 435 779 955 | (g) | (g) | 0,07 | 922 017 | - |
| Scoreco | Setúbal | 74 820 | (g) | (g) | 25,00 | 700 | - |
| Ambelis - Agência p/Modem. B.E.C. Lisboa, S.A. | Lisbon | 997 596 | (g) | (g) | 2,00 | 19 952 | - |
| Cimpor, S.G.P.S., S.A. | Lisbon | 672 000 000 | (g) | (g) | 8,99 | 211 606 784 (f) | - |
| Sonagi, S.A. | Lisbon | 1 000 000 | 9 766 509 | 570 754 | 2,00 | 908 910 | - |
| | | | | | | 215 341 717 | 335 259 |

(a) Group companies excluded from consolidation, for the reasons stated in Note 2;

(b) Percentages held directly and indirectly by the Group;

(c) This investment was sold during the second semester of 2002. The amounts of share capital, equity and net profit/loss presented on this Note refer to the selling date of that participation;

(d) This investment is fully provided for (Note 46);

to several projects, of which the more significant ones are the creation of a pre-homo area for raw materials in Pataias, the increase in the capacity and modernisation of the number 8 cement milling machine, a new grill cooler and a sleeve filter to exhaust the number 3 furnace, in Maceira plant, which at 31 December 2002 were not yet operating.

As of 31 December 2002, investments in subsidiaries and affiliated companies and other securities and investments, were as follows:

- (e) The equity of this company was negative as of 31 December 2002 and, consequently, the investment is stated at zero in the Company's balance sheet and a provision of Euros 569,646, corresponding to the Group's proportion of its negative equity, was recorded under the caption "Provisions for other risks and costs" (Note 46);
- (f) The market value of the investment in Cimpor, S.G.P.S., S.A., which corresponds to 12,091,940 shares, fell during the year ended 31 December 2002 to Euros 16 per share. To cover the unrealised loss, the Group recorded a provision of Euros 18,135,745 in the caption "Provisions for other investments" (Note 46);
- (g) Information not available at the present time.

The movement in the captions investments in subsidiaries, investments in affiliated companies and in other companies during the year ended 31 December 2002 was as follows:

| | Investments in | | | | | | | |
|---|----------------|----------------------|-----------------|-------------|------------|--------------|---------------|---------------|
| | Subsidiaries | Affiliated companies | Other companies | Total | | | | |
| Opening balance | 11 677 031 | 23 366 036 | 213 375 257 | 248 418 324 | | | | |
| Acquisition/incorporation/increase | | | | | | | | |
| | Cement | | Ready-mixed | | Aggregates | | | |
| | Portugal | Tunisia | Portugal | Tunisia | Portugal | Others | Eliminations | Consolidated |
| Income: | | | | | | | | |
| External sales | 263 725 507 | 45 491 286 | 141 586 873 | 4 023 712 | 17 739 108 | 18 494 025 | - | 491 060 511 |
| Inter-segment sales | 155 673 797 | 1 107 174 | 438 984 | - | 3 216 770 | 19 100 687 | (179 537 412) | - |
| Total income | 419 399 304 | 46 598 460 | 142 025 857 | 4 023 712 | 20 955 878 | 37 594 712 | (179 537 412) | 491 060 511 |
| External operating results | 78 194 658 | (3 898 680) | 37 755 415 | 1 520 666 | 2 430 566 | (14 454 177) | - | 101 548 448 |
| Inter-segment operating results | 14 037 339 | 358 013 | (29 843 605) | (1 107 174) | 3 137 917 | 13 417 510 | - | - |
| Total operating results | 92 231 997 | (3 540 667) | 7 911 810 | 413 492 | 5 568 483 | (1 036 667) | - | 101 548 448 |
| External net financial results | 4 085 343 | 142 325 | (1 020 132) | (58 166) | (58 321) | (32 843 533) | - | (29 752 484) |
| Internal net financial results | 886 547 | - | (477 654) | - | (98 319) | (310 574) | - | - |
| Total financial results | 4 971 890 | 142 325 | (1 497 786) | (58 166) | (156 640) | (33 154 107) | - | (29 752 484) |
| Participation in net profit of affiliated companies | 1 830 935 | - | 1 081 571 | - | - | 4 486 767 | - | 7 399 273 |
| Income tax | - | - | - | - | - | (21 149 593) | - | (21 149 593) |
| Results of ordinary activities | 99 034 822 | (3 398 342) | 7 495 595 | 355 326 | 5 411 843 | (50 853 600) | - | 58 045 644 |
| Extraordinary items | - | - | - | - | - | 2 466 762 | - | 2 466 762 |
| Minority interests | 2 124 | 31 819 | 423 016 | 3 593 | 260 970 | 28 953 740 | - | 29 675 262 |
| Net results of the year | 99 032 698 | (3 430 161) | 7 072 579 | 351 733 | 5 150 873 | (77 340 578) | - | 30 837 144 |
| Other Information | | | | | | | | |
| Assets by segment | 431 137 805 | 212 644 820 | 80 230 873 | 2 919 760 | 22 162 905 | 319 363 623 | - | 1 068 459 786 |
| Inter-segment assets | 131 367 625 | 185 687 | 2 428 191 | - | 3 252 727 | 41 419 631 | (178 653 861) | - |
| Total assets | 562 505 430 | 212 830 507 | 82 659 064 | 2 919 760 | 25 415 632 | 360 783 254 | (178 653 861) | 1 068 459 786 |
| Equity invest. in affiliated companies | - | - | 10 869 667 | - | - | 30 674 040 | - | 41 543 707 |
| Liabilities by segment | 47 723 466 | 13 160 688 | 27 426 700 | 1 119 905 | 6 027 051 | 538 607 517 | - | 634 065 327 |
| Inter-segment liabilities | 109 231 042 | 343 994 | (1 130 984) | 185 687 | 3 298 887 | 46 717 299 | (158 645 925) | - |
| Total liabilities | 156 954 508 | 13 504 682 | 26 295 716 | 1 305 592 | 9 325 938 | 585 324 816 | (158 645 925) | 634 065 327 |
| Capital expenditure | 39 958 062 | 7 597 448 | 3 419 627 | 465 583 | 3 067 825 | 6 733 980 | - | 61 282 525 |
| Depreciation | 42 680 300 | 9 024 042 | 4 799 110 | 204 766 | 2 876 213 | 3 514 216 | - | 63 098 647 |
| Other costs not yet paid (provisions) | 4 050 686 | 417 733 | 884 659 | 58 027 | 83 101 | 18 804 349 | - | 24 298 555 |

in investments in the following companies:

| | | | | |
|----------------------------|-----|------------|---------|------------|
| Ciment de Sibline | - | 22 854 680 | - | 22 854 680 |
| Astakos Domika Alouminouha | - | 250 000 | - | 250 000 |
| BES | - | - | 259 425 | 259 425 |
| Betopal, S.L. | 295 | - | - | 295 |
| Becim | - | 27 402 | - | 27 402 |
| | 295 | 23 132 082 | 259 425 | 23 391 802 |

Sale of investments

in the following companies:

| | | | | |
|---------------|----------|-----------|---|-----------|
| Betopal, S.L. | (10 638) | - | - | (10 638) |
| Cimentrans | - | (171 076) | - | (171 076) |

Results of group and affiliated companies
recorded by the equity method (Note 44):

| | | | | |
|--|-----------|-------------|-----------|-------------|
| - Gains | 5 487 958 | 2 640 036 | 335 259 | 8 463 253 |
| - Losses | (9 950) | (68 038) | - | (77 988) |
| Dividends distributed to the Group | (427 114) | (2 183 064) | (268 834) | (2 879 012) |
| Negative goodwill on acquisition of the investment in Ciment de Sibline (Note 10) | - | 238 717 | - | 238 717 |

Transfer of the investments

| | Changes in other equity and minority interests captions | | | | | |
|---|---|---------------------------------------|-------------------------|---|---|---|
| | Total | Profit and loss statement items | Revaluation reserves | Consolidation differences and minority interests | Consolidation differences (assets) (Note 10) | Changes in consolidation perimeter |
| Timing differences giving rise to deferred tax assets | | | | | | |
| Taxed provisions | 20 468 865 | 18 776 874 | - | 1 691 991 | - | - |
| Tax losses carried forward | 6 688 653 | 3 678 646 | - | 2 605 871 | - | 404 136 (a) |
| Retirement benefits not covered by an autonomous fund | 14 642 395 | 452 181 | - | 14 190 214 | - | - |
| Gains subject to deferred tax originated in intra-group transactions | 104 589 942 | (4 239 692) | - | 108 829 634 | - | - |
| | 146 389 855 | 18 668 009 | - | 127 317 710 | - | 404 136 |
| Timing differences giving rise to deferred tax liabilities | | | | | | |
| Revaluation of fixed assets | (37 579 461) | 6 612 065 | (3 312 866) | (40 978 660) | - | - |
| Fair value of subsidiary Société des Ciments de Gabès (Note 10) | (164 147 341) | 6 620 639 | - | 13 241 278 | (184 009 258) | - |
| Deferred losses resulting from intra-group transactions | (734 910) | (734 910) | - | - | - | - |
| Deferred taxation of capital gains | (57 941 511) | 991 001 | - | (58 932 512) | - | - |
| Increased amortisation | (1 302 576) | (452 190) | - | (850 386) | - | - |
| | (261 705 799) | 13 036 605 | (3 212 866) | (87 520 280) | (184 009 258) | - |
| Amounts reflected on the balance sheet | | | | | | |
| Deferred tax assets | 48 751 163 | 6 573 495 | - | 42 044 302 | - | 133 366 |
| Deferred tax liabilities | (89 646 719) | 4 375 195 | (1 060 246) | (28 558 428) | (64 403 240) | - |

in the company Cimentos Madeira

| | | | | |
|--|---|-------------|-----------|---|
| | - | (1 651 793) | 1 651 793 | - |
|--|---|-------------|-----------|---|

Adjustments in the equity of group
and associated companies due to:

| | | | | |
|---|------------|-------------|-------------|-------------|
| - accumulated exchange adjustments in Sibling (Note 51) | - | (3 611 915) | - | (3 611 915) |
| - other variations in the equity of subsidiary and affiliated companies (Note 51) | (48 377) | (147 278) | (11 183) | (206 838) |
| Closing balance | 16 669 205 | 41 543 707 | 215 341 717 | 273 554 629 |

Investments in property as of 31 December 2002 are made up as follows:

| | Cost | Depreciation | Provisions | Value |
|---|-----------|--------------|------------|---------|
| Properties in Angola | 1 600 310 | (869 292) | (731 018) | - |
| Property in Av. Conselheiro Fernando de Sousa | 957 227 | (529 332) | - | 427 895 |
| | 2 557 537 | (1 398 624) | (731 018) | 427 895 |

Investments in property, net of accumulated depreciation amount to Euros 1,158,913 (Note 42).

33. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

As of 31 December 2002 debenture loans and bank loans repayable in more than five years amount to Euros 171,986,025 (Note 57).

36. SEGMENT INFORMATION

Segment Information is presented for the business (primary) and geographical (secondary) segments of the Group.

The net results, assets and liabilities of each segment correspond to those, which are directly attributable, as well as those that can be reasonably attributed to the segment. The net results, assets and liabilities not directly attributable to the segments and included in the column "Others" refer essentially to financial operations.

Net results for the year by business segment are as follows:

38. INCOME TAX

Group companies are subject to corporate income tax on an individual basis, except for Secil and several of its subsidiaries (in which minimum participations of 90% are held), which are subject to Corporate Income Tax under the special regime for Groups of companies.

In accordance with current legislation, profits and losses in subsidiaries and affiliated companies resulting from application of the equity method are deducted from or added to, respectively, the profit for the year in computing taxable income. For tax purposes, dividends are recorded in the year when received.

All other situations that could affect significantly future income tax, are recorded in the income statement, as of 31 December 2002 under Portuguese Accounting Directive 28, as describe in Note 23 i). In accordance with the transitory provisions of that Accounting Directive the accumulated effect, at 31 December 2001, of recording deferred taxes for the first time is recorded directly in equity, and in the case of subsidiary Société des Ciments de Gabés that, for being a recent acquisition, was recorded in the assets caption "Consolidation differences" (Note 10).

Deferred tax assets and liabilities at 31 December 2002 are made up as follows:

(a) Tax losses carried forward, in the amount of Euros 404,136, gave rise to a deferred tax asset of Euros 133,366, recorded at 31 December 2001 by the company Macrobetão, S.A., which was consolidated with the Group for the first time in 2002, as explained in Note 14.

The deferred tax assets and liabilities as of 1 January 2002, in the amounts of Euros 42,044,302 and Euros 94,021,914, respectively, were recorded as an increase of Euros 7,886,843 in the equity caption "Consolidation differences" (Note 51), a decrease of Euros 1,060,246 in "Revaluation reserve" (Note 51 and 52), an increase of Euros 5,599,031 in the liabilities caption "Minority interests" (Note 53), and an increase of Euros 64,403,240 in the assets caption "Consolidation differences" (Note 10).

Income tax for the year is made up as follows:

| | |
|------------------------------|--------------|
| Current income tax (Note 54) | 32 098 283 |
| Deferred tax | (10 948 690) |
| | 21 149 593 |

Reconciliation of the effective tax rate is as follows:

| | |
|---|-------------|
| Profit before income tax | 81 661 999 |
| Nominal rate of income tax | 33.00% |
| Expected income tax | 26 948 460 |
| Permanent differences (a) | (5 662 444) |
| Change in tax rate (b) | (3 256 602) |
| Adjustments to taxable income | 830 017 |
| Tax losses recovered through the special regime for tribulation of Groups of companies | 190 963 |
| Tax losses not recoverable | 2 099 199 |
| | 21 149 593 |
| Effective rate of income tax | 25.90% |

(a) This amount is made up essentially of:

| | |
|---|--------------|
| Amortisation of goodwill (Note 10) | 11 604 258 |
| Effects arising from the application of the equity method (Nota 27) | (7 754 007) |
| Tax losses | (22 495 339) |
| Dividends from foreign companies headquartered outside E.U. | 1 074 485 |
| Others | 411 681 |
| | (17 158 922) |
| | (5 662 444) |

(b) This amount includes the effect of the change in Municipal Tax of some of the Group companies as well as the effect of companies being subject to different tax rates.

In accordance with current Portuguese tax legislation the tax returns of the companies included in the consolidation are subject to review and correction by the tax authorities during a period of four years and ten years for social security. Consequently, the tax returns for the years 1999 to 2002 are subject to review and correction. The tax returns of Secil (individual and consolidated tax group) for the year 1999 were inspected in 2001 and resulted in a proposed adjustment to taxable income, already communicated to the company, for which it recorded a provision of Euros 57,339 in the caption "Provision for taxes" (Note 46). At the time of closing the accounts for 2002 a tax inspection of the return for the year 2000 was in progress.

The Management of Semapa believes that any corrections that may be made by the tax authorities as a result of a review will not have a significant impact on the consolidated financial statements as 31 December 2002.

41. REVALUATIONS - LEGISLATION

The Group companies headquartered in Portugal revalued its tangible fixed assets in prior years in accordance with the applicable legislation, namely: Ministerial Order 258, of 28 December 1963; Decree-Law 126/77, Decree-Law 430/78, Decree-Law 219/82, Decree-Law 319-G/84, Decree-Law 118-B/86, Decree-Law 111/88, Decree-Law 49/91, Decree-Law 264/92, Decree-Law 22/92, Decree-Law 31/98.

42. REVALUATION OF TANGIBLE FIXED ASSETS

As of 31 December 2002 the cost and revaluation of tangible fixed assets and investments (investments in property), net of accumulated depreciation, are as follows:

| Caption | Historical costs | Revaluations | Revaluated amounts |
|-----------------------------------|------------------|--------------|--------------------|
| Tangible fixed assets: | | | |
| Land and natural resources | 23 862 659 | 11 290 409 | 35 153 068 |
| Buildings and other constructions | 59 879 713 | 35 582 883 | 95 462 596 |
| Machinery and equipment | 123 527 378 | 49 232 813 | 172 760 191 |
| Transport equipment | 6 688 962 | 260 914 | 6 949 876 |
| Tools and utensils | 299 879 | 126 113 | 425 992 |
| Administrative equipment | 2 792 203 | 471 923 | 3 264 126 |

| | | | |
|-----------------------------------|-------------|------------|-------------|
| Reusable containers | 1 250 | - | 1 250 |
| Other tangible fixed assets | 2 574 718 | 268 815 | 2 843 533 |
| | 219 626 762 | 97 233 870 | 316 860 632 |
| Investments: | | | |
| Investments in property (Note 27) | 91 276 | 1 067 637 | 1 158 913 |
| | 219 718 038 | 98 301 507 | 318 019 545 |

44. CONSOLIDATED NET FINANCIAL RESULTS

Net financial results are made up as follows, in the years ended 31 December 2002 and 2001:

| | 2002 | 2001 |
|--|--------------|--------------|
| Expenses: | | |
| Interest expense | 17 470 445 | 23 786 342 |
| Depreciation and provisions for investments in property (Note 27) | 18 768 744 | 76 030 |
| Foreign currency exchange loss | 1 760 733 | 669 208 |
| Financial discounts allowed | 1 950 791 | 2 151 822 |
| Other financial expenses | 896 237 | 961 753 |
| Loss on affiliated companies (Note 27) | 1 099 789 | 248 583 |
| | 41 946 739 | 27 893 738 |
| Net financial results | (22 353 211) | (10 196 643) |
| | 19 593 528 | 17 697 095 |
| Income: | | |
| Interest income | 1 231 990 | 466 205 |
| Income from participations | 457 307 | 1 165 607 |
| Income from properties | 20 801 | 19 955 |
| Gain on investments in affiliated companies (Note 27) | 8 163 803 | 6 877 129 |
| Gain on investments in other companies (Note 27) | 8 858 929 | 8 286 944 |
| Foreign currency exchange gain | 655 556 | 455 580 |
| Financial discounts received | 184 313 | 416 152 |
| Other financial income | 20 829 | 9 523 |
| | 19 593 528 | 17 697 095 |

The caption “Depreciation and provisions for investments”, includes: (i) provisions for potential loss in investments, in the amount of Euros 18,158,057 (Note 27), (ii) amortizations of investments in property in the amount of Euros 41,041 (Note 27), (iii) provision for the negative equity of associated company Viroc Portugal, S.A., in the amount of Euros 569,646 (Note 27).

The caption “Loss on affiliated companies” includes: (i) the amount of Euros 77,988 (Note 27), related with the application of the equity method and (ii) the amount of Euros 1,021,806, related with the cost recognized for the negative equity of affiliated companies as of the date of acquisition.

The caption “Gain on investments in affiliated companies” includes the amount of Euros 35,809, related to the recognition in the profit and loss statement of part of the difference between the cost and proportional share equity of Ciment de Sibline S.A L. as of the date of acquisition (Notes 27 and 56).

The caption “Gain on investments in other companies” respects essentially to: (i) the

dividend received from Cimpor by affiliated company Secilpar, in the amount of Euros 8,464,358 and (ii) the amount of Euros 335,259 (Note 27), related with appropriation of the net result of Cimentos Madeira, Lda., through the equity method, as mentioned

| Captions | Opening balance | Changes in perimeter | Exchange adjustments | Increase | Utilisation/reversal | Transfers (Note 55) | Closing balance |
|--------------------------------------|-----------------|----------------------|----------------------|------------|----------------------|---------------------|-----------------|
| Provisions for losses on inventories | 1 878 842 | - | (148 585) | 645 331 | (70 819) | - | 2 304 769 |
| Provisions for doubtful accounts: | | | | | | | |
| Customers | 10 816 927 | 51 568 | (104 176) | 1 645 397 | (1 064 918) | - | 11 344 798 |
| Other debtors (Note 55) | 534 065 | - | (10 770) | 924 202 | - | 4 795 637 | 6 243 134 |
| | 11 350 992 | 51 568 | (114 946) | 2 569 599 | (1 064 918) | 4 795 637 | 17 587 932 |
| Provisions for risks and costs: | | | | | | | |
| Pensions provisions (Note 21) | 14 453 503 | - | - | 2 068 077 | (1 685 762) | - | 14 835 818 |
| Tax provisions (Notes 38 and 45) | 698 317 | - | - | 14 946 | (655 924) | - | 57 339 |
| Other provisions for risks and costs | 5 863 191 | 539 641 | - | 842 545 | (806 854) | (4 795 637) | 1 642 886 |
| | 21 015 011 | 539 641 | - | 2 925 568 | (3 148 540) | (4 795 637) | 16 536 043 |
| Provisions for investments (Note 27) | 897 925 | - | (3 628) | 18 158 057 | (25 044) | - | 19 027 310 |
| | 35 142 770 | 591 209 | (267 159) | 24 298 555 | (4 309 321) | - | 55 456 054 |

in Note 23 d).

45. CONSOLIDATED NET EXTRAORDINARY ITEMS

Net extraordinary items are made up as follows, as of 31 December 2002 and 2001:

| | 2002 | 2001 |
|----------------------------------|-----------|-------------|
| Expenses: | | |
| Donations | 244 993 | 360 013 |
| Uncollectable debts | 218 091 | 281 425 |
| Losses on inventories | 77 252 | 20 561 |
| Losses on fixed assets | 401 309 | 4 103 456 |
| Fines and penalties | 38 458 | 26 487 |
| Prior year adjustments | 208 991 | 136 728 |
| Other extraordinary expenses | 1 833 907 | 978 236 |
| | 3 023 001 | 5 906 906 |
| Net extraordinary results | 2 466 762 | (1 800 625) |
| | 5 489 763 | 4 106 281 |
| Income: | | |
| Tax refund | 13 433 | 3 449 |
| Recovery of debts | 14 428 | - |
| Gains on inventories | 118 | 57 |
| Gains on fixed assets | 1 634 604 | 1 415 986 |
| Contractual penalty benefits | - | 568 |
| Decrease in provisions (Note 46) | 1 661 488 | 973 508 |
| Prior year adjustments | 59 558 | 26 839 |
| Other extraordinary income | 2 106 134 | 1 685 874 |
| | 5 489 763 | 4 106 281 |

The amount recorded in the caption "Other extraordinary expenses" includes: (i) the

amount of Euros 948,798 relating to the insufficiency of the provision for estimated Corporate Income Tax recorded in 2001, due to changes in the perimeter of companies included in the Group for tax purposes in relation to that initially expected, as a result of publication of Circular number 5/2002, of 2 April, of the General Directorate of Contributions and Taxes (D.G.C.I.), the companies Ecob, Sulbetão, Lisconcreto, Betopal and Fabetão having been excluded from the Group. Additionally, Argibetão was excluded because it was sold to a company not included in the Group for tax purposes and (ii) the amount of Euros 679,026 referring to adjustments made by the tax authorities to the Corporate Income Tax returns for the years 1997 and 1998, and corresponding compensatory interest. In 2001 a provision to cover this liability was recorded in the caption "Provisions for taxes" (Note 46). The liability was paid in 2002, outside the Special Regime for the Settlement of Tax Liabilities, and the provision was reversed.

The caption "Other extraordinary income" includes: (i) the amount of Euros 350,690 relating to the decrease in Corporate Income Tax, due to application of the special regime for taxation of groups of companies (Note 54), (ii) the amount of Euros 204,180 related with the overprovision for income tax for the year 2001 of several subsidiaries and (iii) the recognition of the investments subsidies, in the amount of Euros 1,072,350 (Note 56), as referred in Note 23 k).

46. MOVEMENT IN PROVISIONS

The movement in provisions during the year ended 31 December 2002 was as follows:

The movement in provisions for pensions, risks and costs and investments was as follows:

| | | Changes in perimeter | Increase | Utilisation/ reversal |
|------------------------------------|--|-------------------------|----------|--------------------------|
| Provisions for pensions (Note 21): | | | | |
| Underfunding - CMP | | - | 372 050 | - |
| Increase in the liabilities | | | | |

| Captions | Opening balance | Increases | Decreases | Transfers | Closing balance |
|--|--------------------|------------|--------------|--------------|--------------------|
| Share capital | 118 332 445 | - | - | - | 118 332 445 |
| Treasury stock: | | | | | |
| Nominal value | (1 553 280) | - | (1 100 000) | - | (2 653 280) |
| Discounts and premiums | (3 632 740) | - | (3 845 014) | - | (7 477 754) |
| Share premiums | 3 923 459 | - | - | - | 3 923 459 |
| Consolidation differences | (1 858 609) | 3 820 894 | - | 505 694 | 2 467 979 |
| Accumulated exchange adjustments | (407 247) | - | (3 625 411) | - | (4 032 658) |
| Revaluation reserves (Notes 41 and 52) | 13 727 564 | - | (1 060 246) | (505 694) | 12 161 624 |
| Reserves: | | | | | |
| Legal reserves | 7 364 592 | - | - | 2 207 303 | 9 571 895 |
| Other reserves | 30 971 799 | - | - | 30 370 838 | 61 342 637 |
| Retained earnings | 40 418 | - | - | - | 40 418 |
| Consolidated net profit for the year | 44 146 058 | 30 837 144 | (11 567 917) | (32 578 141) | 30 837 144 |
| | 211 054 459 | 34 658 038 | (21 198 588) | - | 224 513 909 |

| | | | |
|--|---------|------------|-------------|
| of the unfunded defined benefit plan | - | 1 696 027 | - |
| Pensions paid during the year | - | - | (1 596 710) |
| Decrease in the liabilities related with current employees | - | - | (89 052) |
| | - | 2 068 077 | (1 685 762) |
| Provisions for risks and costs: | | | |
| Provisions for investments (Note 27) | - | 569 646 | - |
| Contributions to the pensions plan - CMP (Note 21) | - | - | (802 720) |
| Others | 539 641 | 272 899 | (4 134) |
| | 539 641 | 842 545 | (806 854) |
| Provisions for investments: | | | |
| Desvaluation of the investment in Cimpor (Note 27) | - | 18 135 745 | - |
| Others | - | 22 312 | (25 044) |
| | - | 18 158 057 | (25 044) |

The increase in provisions in year ended 31 December 2002, in the amount of Euros 24,298,555, was recorded by charge to the captions: (i) "Payroll – social charges", Euros 2,068,077 (Note 21), (ii) "Amortisation and provisions for investments", Euros 18,727,703 (Notes 27 and 44), and (iii) "Provisions for the year", Euros 3,502,775.

The decrease in provisions, in the amount of Euros 4,309,321, corresponds to direct utilisation of Euros 2,647,833, and reversal of Euros 1,661,488 (Note 45).

47. ASSETS UNDER FINANCE LEASE

Assets under finance lease as of 31 December 2002 were as follows:

| Caption | Cost | Accumulated amortisation | Net value |
|-------------------------|---------|--------------------------|-----------|
| Machinery and equipment | 653 796 | (288 905) | 364 891 |
| Transport equipment | 26 301 | (20 489) | 5 812 |
| | 680 097 | (309 394) | 370 703 |

The liabilities under finance lease contracts are payable as follows:

| | |
|-------------------------------|---------|
| Payable in up to 1 year | 260 834 |
| Payable between 1 and 5 years | 146 874 |
| | 407 708 |
| Future interest payable | 66 966 |

VII. OTHER INFORMATION

50. COMPOSITION OF CAPITAL

The Company's share capital at 31 December 2002 consisted of 118,332,445 shares of Euro 1 each, fully subscribed and paid up, totalling Euros 118,332,445.

Accordingly with the last Shareholders' General Meeting, dated 27 March 2002, the following entities own more than 20% of the Company's share capital, as of 31 December 2002:

| Name | % | Shares |
|-----------------------------|-------|------------|
| Sodim, SGPS, S.A. | 21.13 | 25 000 000 |
| Cimpor Portugal, SGPS, S.A. | 20.02 | 23 695 611 |

51. MOVEMENT IN EQUITY ACCOUNTS

The movement in the equity accounts during the year ended 31 December 2002 was as follows:

As decided by the Shareholders' General Meeting held on 27 March 2002, the consolidated net profit for 2001 was appropriated as follows:

| | |
|-----------------------|------------|
| Dividends distributed | 11 567 917 |
| Legal reserves | 2 207 303 |
| Other reserves | 30 370 838 |
| | 44 146 058 |

The movements on the caption retained earnings of Secil and the correspondent impact on the caption "Consolidation differences" of Semapa were as follows:

| Movements | Impact in Secil | | Impact in Semapa |
|---|-----------------|-----------|------------------|
| | Increase | Decrease | |
| Profits distributed to employees of the subsidiary and affiliated companies | - | 743 136 | (411 526) |
| Amortisations of 2000 and 2001, related with the adjustment made in caption "Consolidation differences" (Notes 10 and 27) | - | 6 440 324 | (3 566 447) |
| Deferred taxes (Note 38) | 14 242 138 | - | 7 886 843 |
| Other adjustments made by associated companies (Note 27) | - | 206 838 | (114 540) |
| Other adjustments | 40 149 | - | 22 230 |
| | 14 282 287 | 7 390 298 | 3 816 560 |

The caption "Consolidation differences" includes also the amount of Euros 4,334 referring to the initial adjustment related with the consolidation of Betopal, S.L. for the first time.

Accumulated exchange adjustment: The amount of Euros 3,625,411, reflected in this caption, corresponds to the proportion of the decrease in the equity of Société des Ciments de Gabés, Sud-Béton, and Ciment de Sibline, resulting from exchange differences arising on the translation to Euros of the balance sheets of the foreign affiliates and subsidiary.

Legal reserve: Commercial legislation establishes that a minimum of 5% of annual net profits must be transferred to a legal reserve until it reaches 20% of share capital. This

reserve cannot be distributed to the shareholders except upon liquidation of Secil, but may be used to absorb losses after all other reserves have been used up, or to increase capital.

52. CHANGE IN THE REVALUATION RESERVES

In year ended 31 December 2002, the amount of the revaluation reserve realised in the year, through depreciation or sale of the assets, was transferred to the equity caption "Consolidation differences", in the amount of Euros 505,694. Additionally, as referred to in Note 38, there was a decrease in the amount of Euros 1,060,246 (Notes 38 and 51) by correspondent credit to the caption "Deferred tax liabilities", related with the part of the revaluation not relevant for tax purposes, not realised at 31 December 2001.

53. MINORITY INTERESTS

As of 31 December 2002 and 2001 the caption "Minority interests" included in liabilities refer to the following subsidiaries:

| | 2002 | 2001 |
|------------------------------|-------------|-------------|
| Secil | 201 983 053 | 189 221 535 |
| Grupo CMP | 20 545 | 451 296 |
| Grupo Secil, Betões, Inertes | 3 625 383 | 3 820 935 |
| Société des Ciments de Gabès | 469 011 | 484 790 |
| Secil Martingança | 2 969 631 | 2 667 418 |
| Others | 742 029 | 411 362 |
| | 209 809 652 | 197 057 336 |

The movement in the caption “Minority interests” in the year ended 31 December 2002 was as follows:

| | |
|--|--------------|
| Opening balance | 197 057 336 |
| Net profit attributed to minority shareholders | 29 675 262 |
| Dividends attributed to minority shareholders: | |
| Secil | (15 625 435) |
| Dividends in CMP | 402 228 |
| Proportion in other adjustments made in equity captions: | |
| Deferred taxation (Note 38): | |
| Impact in retained earnings | 6 453 387 |
| Impact in revaluation reserves | (854 356) |
| Amortisations of 2000 and 2001, resulting from the adjustment in the caption | |
| Consolidation differences (Note 10) | (2 873 877) |
| Change in the caption “Accumulated exchange adjustments” | (2 921 392) |
| Profits distributed to employees of the subsidiary and affiliated companies | (331 610) |
| Changes in perimeter | (297 041) |
| Other adjustments made by subsidiaries and associated companies | (874 850) |
| Closing balance | 209 809 652 |

Additionally, as of 31 December 2002, the Group had: (i) accounts receivables on a short-term basis, from minority shareholders in the amount of Euros 18,217 and (ii) accounts payables on a short and medium and long term of Euros 173,149 and Euros 243,733, respectively.

54. STATE AND OTHER GOVERNMENT ENTITIES

There are no overdue debts to the State and other government entities as of 31 December 2002. The balances with these entities are made up as follows:

| | Receivable balances | Payable balances |
|-------------------------------|------------------------|---------------------|
| Corporate income tax | 366 913 | 27 076 057 |
| Personal income tax | 103 452 | 958 794 |
| Tax added value | 1 031 749 | 4 330 362 |
| Social security contributions | - | 1 382 088 |
| Other taxes | 6 678 | 450 407 |
| | 1 508 792 | 34 197 708 |

As of 31 December 2002, the receivable and payable balances related with “Corporate income tax” are made up as follows:

| | Receivable balances | Payable balances | Total |
|-----------------------------------|------------------------|---------------------|--------------|
| Income tax for the year (Note 38) | (2 131 140) | (29 967 143) | (32 098 283) |

| | | | |
|--|-----------|--------------|--------------|
| Exchange rate adjustment | 36 013 | - | 36 013 |
| Payments on account | 1 774 458 | 2 438 934 | 4 213 392 |
| Withholdings at source | 677 048 | 101 462 | 778 510 |
| Income tax from previous years | 10 534 | - | 10 534 |
| Tax benefits arising from application of the tax regimen applicable to groups of companies (Note 45) | - | 350 690 | 350 690 |
| | 366 913 | (27 076 057) | (26 709 144) |

55. OTHER DEBTORS AND CREDITORS

As of 31 December 2002 and 2001, these captions were made up as follows:

| | 2002 | 2001 |
|--|-------------|------------|
| Other debtors - medium and long term: | | |
| TER - Transportes Europeus Rápidos | 101 165 | 318 303 |
| Roclim, Lda. | 1 216 420 | 1 151 438 |
| Filimate | 551 555 | - |
| Lusarcim | 5 355 | - |
| Carvalho & Faísca Transportes | 79 418 | 329 909 |
| Subsídios para investimentos POE | 63 794 | - |
| Manuel Augusto Oliveira | 422 342 | - |
| Others | 9 592 | 106 458 |
| | 2 449 641 | 1 906 108 |
| Other debtors - short term: | | |
| Salary advances to personnel | 185 940 | 103 177 |
| Other operations with personnel | 499 023 | 694 508 |
| Portuguese State (liability for the sale of CMP) | 5 598 358 | 5 598 358 |
| Other debtors: | | |
| Affiliated companies | 798 427 | 203 216 |
| Tecnosecil, S.A.R.L. (Note 58) | 511 051 | 408 138 |
| TER - Transportes Europeus Rápidos | 252 299 | 315 357 |
| Roclim, Lda. | 699 572 | 297 852 |
| Filimate | 650 471 | 160 049 |
| Carvalho & Faísca Transportes | 707 791 | 579 382 |
| António Jesus Carreira, Lda. | 116 947 | - |
| E. Correia de Brito, Lda. | 313 226 | - |
| António José & Irmão | 199 495 | - |
| Manuel Augusto Oliveira | 218 717 | - |
| Cimenbritas | 267 346 | - |
| Pledge in favor of third parties | 1 056 125 | 902 192 |
| Others | 3 808 481 | 3 449 310 |
| | 15 883 249 | 12 711 539 |
| Provision for bad debtors (Note 46) | (6 243 134) | - |
| | 9 640 115 | 12 711 539 |
| Other creditors: | | |

| | | |
|--|-----------|---------|
| Other operations with personnel | 129 575 | 142 358 |
| Unions | - | 2 264 |
| Consultants/Professionals | - | 2847 |
| Creditors for unpaid investments (Note 58) | 166 873 | 18 570 |
| Asfalbetão Transportes, Lda. | 194 384 | - |
| Insurance - Grupo Mutuelle | 653 669 | - |
| SIV | 70 258 | - |
| Cimpor (Consortium to the islands) | 1 188 369 | - |
| Trade accounts receivable | 189 461 | 247 978 |
| Other creditors | 1 478 221 | 300 836 |
| | 4 070 810 | 894 853 |

The amount of Euros 5,598,358 receivable from the Portuguese State results from an actuarial study, made by a specialized independent entity, of the liability for retirements as of 31 December 1993, following the reprivatisation process of CMP. As a result of the study errors were detected, the Management of CMP having, in 1996, requested that the Portuguese State settle the above amount. The receivable is fully provided for in the caption "Provision for doubtful accounts receivable", having in 2002 been reclassified to this caption (Note 46).

56. ACCRUALS AND DEFERRALS

Accruals and deferrals in 2002 and 2001 are made up as follows:

| | 2002 | 2001 |
|---|-----------|-----------|
| Accrued income: | | |
| Interest to receive | 18 904 | 6 296 |
| Technical assistance | 100 703 | - |
| Other accrued income | 132 429 | 609 790 |
| | 252 036 | 616 086 |
| Deferred costs: | | |
| Rentals | 117 982 | 522 064 |
| Expenses related with financing | 49 650 | 74 581 |
| Maintenance | 3 258 656 | 1 952 347 |
| Advertising | 170 333 | - |
| Past service of current employees (Note 21) | 193 424 | 263 289 |
| Others | 445 894 | 766 009 |
| | 4 235 939 | 3 578 290 |
| Accrued costs: | | |
| Vacation pay, vacation subsidy and other costs with personnel | 6 859 467 | 6 214 540 |
| Accrued interest | 1 035 942 | 2 446 899 |
| Consulting | 120 171 | - |
| Maintenance | 511 352 | - |
| Accrued insurance | 234 906 | - |
| Others | 2 337 848 | 2 970 395 |

| | | |
|---------------------------|------------|------------|
| | 11 099 686 | 11 631 834 |
| Deferred income: | | |
| Subsidies for investments | 3 149 588 | 3 811 942 |
| Badwill (Notes 10 and 27) | 202 909 | - |
| Other financial gains | 469 831 | 82 158 |
| | 3 822 328 | 3 894 100 |

Investment subsidies are recognised as income in proportion to depreciation of the subsidised equipment, the Group having recognised income of Euros 1,072,350 (Note 45) in the year. In year ended 31 December 2002 non-repayable investment subsidies received by the Group were of Euros 409,996.

As mentioned in Notes 10 and 27, the Group recorded negative goodwill of Euros 238,717 arising from the acquisition of the investment in Ciment de Sibline, S.A.L., which will be amortised to the statement of profit and loss over a period of five years, beginning on April 2002. During year ended 31 December 2002, the Group recognised the amount of Euros 35,809 as financial income (Note 44).

57. LOANS

Loans obtained as of 31 December 2002 bear interest at normal market rates and are made up as follows:

| | Short term | Medium and long term |
|--|------------|----------------------|
| Debenture loans: | | |
| Semapa/98 debenture loan | - | 23 942 299 |
| CMP/97 debenture loan | 9 477 160 | 37 908 640 |
| Secil/CMP95 debenture loan | 1 479 961 | 613 643 |
| Others | 319 077 | 446 708 |
| | 11 276 198 | 62 911 290 |
| Bank loans: | 54 102 320 | 289 629 683 |
| Other loans: | | |
| Loans obtained under the POE | - | 2 018 146 |
| Loans obtained under the PEDIP II – Medida 3.3 | 1 301 687 | 1 433 584 |
| EFTA Fund for the Industrial Development of Portugal | 311 748 | - |
| | 1 613 435 | 3 451 730 |
| | 66 991 953 | 355 992 703 |

On 9 March 1998, the Company issued 4,800,000 bonds with a nominal value of tEsc. 1 each, redeemable in 10 years. During the year ended 31 December 2001, bonds were

redenominated to Euros, totalling Euros 23,942,299, corresponding to 2,394,229,906 bonds with a nominal value of Euros 0.01 each. The bonds were fully subscribed for and paid up upon subscription and are represented by dematerialised securities rated in Euronext Lisbon. Coupon interest is payable half yearly and the bonds are redeemable 20% on the due date of the 12th and 14th coupons, 25% on the due dates of the 16th and 18th coupons and 10% on the due date of the 20th coupon, early redemption being possible total or partially, with no penalty.

“Debenture loan CMP/97” was incurred totally by CMP on 14 July 1997 in the amount of tEsc 9,500,000 (Euros 47,385,800). These bonds were fully subscribed for and paid up upon subscription and are represented by dematerialised securities. Coupon interest is payable quarterly in arrears and the bonds are redeemable 20% on the due dates of the 24th and 28th coupons, 25% on the due dates of the 32nd and 36th coupons and 10% together with the 40th coupon, early redemption being possible

| | Assets | | | | Liabilities | | |
|---------------------------------|------------------------------------|-----------------|-------------------------|--------------------------------------|------------------------|---------------------------|----------------------------|
| | Accounts receivable from customers | Group companies | Other debtors (Note 55) | Group companies medium and long term | Accruals and deferrals | Other Creditors (Note 55) | Group companies short term |
| Tecnosecil, S.A.R.L. | 14 926 | 4 073 587 | 511 031 | - | - | 166 873 | - |
| Trochee Investment B.V. | - | 862 | - | - | - | - | - |
| CMP, Investments B.V. | - | - | - | - | - | - | 500 |
| Secil Energia | - | 499 | - | - | - | - | 499 |
| Enersis-Energia e Sistemas S.A. | | 117 593 | 378 | 10 000 000 | 2 528 | - | - |
| Asfalbetão Transportes, S.A. | - | - | - | - | - | - | 100 000 |
| Other subsidiaries | - | - | - | - | - | - | 39 209 |
| | 14 926 | 4 192 541 | 511 409 | 10 000 000 | 2 528 | 166 873 | 140 208 |

at par. Early redemption can also be requested if Secil’s participation in CMP falls below 51%.

“Debenture loan Secil - CMP/95” was contracted by the Group on 1 March 1995. Two group companies, Secil and CMP, issued bonds totalling tEsc 10,000,000 (Euros

49,879,790). The bonds were fully subscribed for and paid up upon subscription, and represented by dematerialised securities. Coupon interest is payable half yearly and the bonds are redeemable 20% on the due date of the 6th and 10th coupons, 25% on the due dates of the 14th and 16th coupons and 10% on the due date of the 20th coupon, early redemption being possible at pre-established prices.

In 1998 CMP and Secil made an early redemption of tEsc 3,000,000 (Euros 14,963,937) together with repayment of the amount of tEsc. 2,000,000 (Euros 9,975,958) due upon maturity of the 6th coupon.

In the year ended 31 December 2002 CMP and Secil made an early redemption of Euros 4,141,373, together with payment of the amount payable on the due date of the 14th coupon, in a total amount of Euros 12,469,947.

At the financial statements closing date, CMP and Secil came to knowledge that some bondholders will exert the correspondent “put option” with the payment of 15th coupon, in 1 March 2003, in the amount of Euros 101,929. For that reason, the last payment of Euros 613,643 occurring in 1 March 2005, at 20th coupon, will be reduced in that amount.

On 31 December 2002 a medium and long term repayable subsidy of Euros 2,018,146 was obtained by CMP under the “SIME – Sistema de Incentivos à Modernização Empresarial” programme. The maximum amount of the repayable subsidy is Euros 12,225,722, and it is to be used for industrial investment in the Maceira-Liz and Cibra – Pataias plants. The repayable subsidy does not bear interest and is repayable in eight equal and successive half yearly instalments starting eighteen months after the date of the first amount drawn.

On 3 September 1999 CMP obtained a medium and long-term loan of Euros 1,870,492 increased in 15 January 2002 in the amount of Euros 623,497, under the “PEDIP II – Medida 3.3”, which establishes the maximum amount of repayable subsidy at Euros 2,493,989 for investment in the Maceira-Liz and Cibra - Pataias plants. This loan does not bear interest and is repayable in eight consecutive half yearly instalments, the first of which is due 18 months of the first amount drawn.

On 20 April 1998 CMP obtained a medium and long-term loan in the amount of Euros 2,493,989 from “The EFTA Fund for the Industrial Development of Portugal”. Interest on this loan is payable on a half yearly basis and the loan is repayable in eight consecutive half yearly instalments of Euros 311,749 each, the first of which is due 18 months after the first utilisation. This loan was obtained to finance modernisation and expansion of the clinker line in the Cibra-Pataias plant.

As of 31 December 2002 the loans classified as medium and long term are repayable as follows:

| | |
|------------------------------|-------------|
| 2004 | 48 899 118 |
| 2005 | 47 163 637 |
| 2006 | 47 589 712 |
| 2007 | 40 354 211 |
| 2008 and following (Note 33) | 171 986 025 |
| | 355 992 703 |

APPENDIX 1

COMPANIES INCLUDED IN CONSOLIDATION

| Name | Head Office | Percentage of share capital effectively held by Secil | Percentage of share capital effectively held by Semapa |
|--|---------------|---|--|
| Semapa-Sociedade de Investimento e Gestão, SGPS, S.A. | Lisbon | Parent company | |
| Subsidiaries: | | | |
| Betopal, S.L. | Madrid | - | 100,0000 |
| Seinpar Investments, B.V. and Subsidiaries: | Amsterdam | - | 100,0000 |
| Secil - Investimentos, SGPS, S.A. | Lisbon | - | 100,0000 |
| Cimenpar Investments, B.V. | Amsterdam | - | 100,0000 |
| Secil-Companhia Geral de Cal e Cimento, S.A. ("Secil") and Subsidiaries: | Setúbal | | 55,3768 |
| Parcim Investments, B.V. | Amsterdam | 99,9995 | 55,3765 |
| Secilpar, SL. | Madrid | 99,9995 | 55,3765 |
| Florimar - Gestão de Participações, SGPS, Lda. | Funchal | 99,9995 | 55,3765 |
| Somera Trading Inc. | Panama | 99,9995 | 55,3765 |
| Seciment Investments, B.V. | Amsterdam | 99,9995 | 55,3765 |
| Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda. | Lisbon | 58,3997 | 32,3399 |
| Seinpart - Participações, SGPS, S.A. | Lisbon | 99,9995 | 55,3765 |
| Ciminpart - Investimentos e Participações, SGPS, S.A. | Lisbon | 99,9995 | 55,3765 |
| Parseinges - Gestão de Investimentos, SGPS, S.A. | Lisbon | 99,9995 | 55,3765 |
| Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A. | Lisbon | 90,8708 | 50,3214 |
| Société des Ciments de Gabès | Tunis | 98,7063 | 54,6604 |
| Sud-Béton - Société de fabrication de Béton du Sud | Tunis | 98,7063 | 54,6604 |
| Tercim - Terminais de Cimento, S.A. | Lisbon | 99,9995 | 55,3765 |
| Secil, Betões e Inertes, SGPS, S.A. and Subsidiaries: | Setúbal | 93,6595 | 51,8657 |
| Secil-Betão - Indústrias de Betão, S.A. | Setúbal | 93,6595 | 51,8657 |
| Britobetão - Central de Betão, Lda. | Évora | 51,5127 | 28,5261 |
| Sulbetão - Preparados de Betão, S.A. | Albufeira | 93,6595 | 51,8657 |
| Unibetão - Indústrias de Betão Preparado, S.A. | Lisbon | 93,6595 | 51,8657 |
| Lisconcreto - Betão Pronto, S.A. | Leiria | 93,6595 | 51,8657 |
| Asfalbetão - Sociedade Industrial, Lda. | Torres Vedras | 93,6595 | 51,8657 |
| Betopal - Betões Preparados, S.A. | Lisbon | 93,6595 | 51,8657 |
| Secil Britas, S.A. | Penafiel | 93,6595 | 51,8657 |
| Pedreiral - Pedreiras de Almoester, S.A. | Santarém | 93,6595 | 51,8657 |
| ECOB - Empresas de Construção e Britas, S.A. | Albufeira | 93,6595 | 51,8657 |
| Fabetão - Soc. Ind. Fabrico Betão, Lda. | Lisbon | 93,6595 | 51,8657 |
| Almeida & Carvalhais, Lda. | Aveiro | 86,1231 | 47,6922 |
| Betalves - Betão Preparado, S.A. | Penafiel | 93,6595 | 51,8657 |
| Macrobetão - Comércio e Distribuição de Betão, S.A. | Leiria | 93,6595 | 51,8657 |
| Betostrong - Indústria de Betão, Lda. | Mafra | 93,6595 | 51,8657 |
| Macmetal - Indústrias Metal - Mecânicas da Maceira, Lda. | Leiria | 50,9997 | 28,2420 |
| Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda. | Leiria | 51,1903 | 28,3476 |
| IQM - Indústrias Químicas da Martingança, Lda. | Lisbon | 51,1903 | 28,3476 |
| Condind - Conservação e Desenv. Industrial, Lda. | Setúbal | 99,9919 | 55,3723 |
| CMP - Cimentos Maceira e Pataias, S.A. ("CMP") | Leiria | 99,9843 | 55,3681 |
| CMP Investments, B.V. | Amsterdam | 99,9838 | 55,3678 |

APPENDIX 2

COMPANIES EXCLUDED FROM CONSOLIDATION

| Name | Head Office | Percentage of share capital effectively held by Secil | Percentage of share capital effectively held by Semapa |
|--|--------------------|---|--|
| Secil Energia, Lda. | Setúbal | 99,9995 | 55,3765 |
| Asfalbetão Transportes, Lda. | Torres Vedras | 93,6595 | 51,8657 |
| TecnoSecil, Investimentos e Participações, SARL | Luanda | 69,9997 | 38,7636 |
| Trochee Investments, B.V. | Amsterdam | 99,9995 | 55,3765 |
| Subsidiaries and Affiliated companies of Enersis, SGPS, S.A. | | | |
| Enersis, SGPS, S.A. | Lisbon | 89,9043 | 49,7861 |
| PESL - Parque Eólico da Serra do Larouco, S.A. | Montalegre | 79,1125 | 43,8100 |
| Minihídrica do Palhal, Lda. | Albergaria-a-Velha | 89,9043 | 49,7861 |
| Enerpro - Projectos de Energias Renováveis, Lda. | Lisbon | 76,4152 | 42,3163 |
| ECH - Exploração de Centrais Hidroelétricas, S.A. | Ovadas | 89,9043 | 49,7861 |
| Hidrotuela - Hidroelétrica do Tuela, S.A. | Vale das Fontes | 83,4008 | 46,1847 |
| Hidrocorgo - Hidroelétrica do Corgo, S.A. | Vila Real | 89,1960 | 49,3939 |
| Enervia - Sociedade de Produção de Energia, S.A. | Lisbon | 84,0567 | 46,5479 |
| Produtora de Energia Minihídrica, Lda. | Vinhais | 89,9003 | 49,7839 |
| Enerflora - Produção de Energia Elétrica, Lda. | Lisbon | 89,9060 | 49,7871 |
| PESM - Parque Eólico da Serra das Meadas, Lda. | Magueija | 89,9003 | 49,7839 |
| Telener - Serviços de Telecomunicações, Lda. | Vila Real | 68,7669 | 38,0809 |
| Enermais - Produção de Energia Elétrica, Lda. | Lisbon | 79,1064 | 43,8066 |
| Enerdurero Zamorana, S.A. | Madrid | 84,0562 | 46,5476 |
| Hidroelétrica da Ribeira de Alforfa, S.A. | Covilhã | 89,1960 | 49,3939 |
| Parque Eólico de Vila do Bispo, Lda. | Vila do Bispo | 89,5560 | 49,5933 |

APPENDIX 3

ASSOCIATED COMPANIES

| | Head office | Percentage of share capital effectively held by Secil | Percentage of share capital effectively held by Semapa |
|---|------------------|---|--|
| Betão Liz, S.A. | Lisbon | 33,3664 | 18,4773 |
| Becim - Corretora de Seguros, Lda. | Lisbon | 27,4022 | 15,1745 |
| Cimentos Madeira, Lda. | Funchal | 14,2856 | 7,9109 |
| Cimentaço - Cimentos dos Açores, Lda. | P. Delgada | 24,9999 | 13,8441 |
| Viroc Portugal - Ind. de Madeira e Cimento, S.A. | Setúbal | 32,8272 | 18,1787 |
| Secil Unicon - S.G.P.S., Lda. | Lisbon | 49,9998 | 27,6883 |
| ICV - Inertes de Cabo Verde, Lda. | Cape Verde | 37,4998 | 20,7662 |
| Ecoresíduos - Centro de Tratamento e Valorização de Resíduos, Lda | Lisbon | 49,9998 | 27,6883 |
| Chryso Portugal, S.A. | Lisbon | 39,9998 | 22,1506 |
| Cimianto - Sociedade Técnica de Hidráulica, S.A. | Vila Franca Xira | 39,9590 | 22,1280 |
| Vermofeira - Extração e Comércio de Areias, Lda. | Oeiras | 46,8298 | 25,9328 |
| Astakos Domika Aluminouha | Atenas | 49,9998 | 27,6883 |
| Ciment de Sibline, S.A.L. | Beirute | 21,2172 | 11,7494 |

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE - NOTE 60).

(Amounts stated in Euros - €)

| | Notes | 2002 | 2001 |
|---|----------|-------------------|-------------------|
| Operating Activities: | | | |
| Receives from customers | | 523 916 019 | 505 908 818 |
| Paid to suppliers | | (248 542 658) | (272 329 015) |
| Paid to personnel | | (43 534 838) | (40 967 572) |
| Flows from operations | | 231 838 523 | 192 612 231 |
| (Payments)/Receipts of income tax | | 18 643 668 | (34 288 340) |
| Other (payments)/receipts relating to operating activities | | (52 972 419) | (48 438 089) |
| | | 197 509 772 | 109 885 802 |
| (Payments)/Receipts related with extraordinary captions | | 268 504 | 211 133 |
| Flows from operating activities (1) | | 197 778 276 | 110 096 935 |
| Investing Activities: | | | |
| Receipts relating to: | | | |
| Investments | | 36 013 841 | 8 079 822 |
| Tangible fixed assets | | 1 288 157 | 3 341 715 |
| Subsidies | | 90 017 | 1 140 387 |
| Interest and similar income | | 604 958 | 165 355 |
| Dividends | | 37 425 354 | 8 968 830 |
| | | 75 422 327 | 21 696 109 |
| Payments relating to: | | | |
| Investments | | (89 653 250) | (25 162 842) |
| Tangible fixed assets | | (39 854 864) | (26 573 537) |
| Intangible fixed assets | | (788 686) | (326 369) |
| Others | | (6 910 763) | (20 082) |
| | | (137 207 563) | (52 082 830) |
| Flows from investing activities (2) | | (61 785 236) | (30 386 721) |
| Financing Activities: | | | |
| Receipts relating to: | | | |
| Loans obtained | | 774 722 819 | 1 151 215 516 |
| Capital increases, supplementary capital contributions and share premiums | | 137 703 | 820 |
| Subsidies and donations | | 7 028 | 650 608 |
| Shareholders loans | | - | 2 917 001 |
| | | 774 867 550 | 1 154 783 945 |
| Payments relating to: | | | |
| Loans obtained | | (831 583 366) | (1 147 283 631) |
| Amortisation of lease contracts | | (744 514) | (835 869) |
| interest and similar expenses | | (17 429 895) | (23 233 160) |
| Dividends | | (53 642 526) | (39 105 551) |
| Treasury stock acquisitions | | (4 945 014) | - |
| Shareholders loans | | - | (423 980) |
| | | (908 345 315) | (1 210 882 191) |
| Flows from financing activities (3) | | (133 477 765) | (56 098 246) |
| Variation in Cash and Equivalents (4) = (1) + (2) + (3) | | 2 515 275 | 23 611 968 |
| Effect of exchange differences | | (369 487) | 153 005 |
| Regularization of the opening balance due to changes in the perimeter | | 69 725 | 57 632 |
| Cash and Equivalents at the Beginning of the Year | 2 | 46 167 090 | 22 344 485 |
| Cash and Equivalents at the End of the Year | 2 | 48 382 603 | 46 167 090 |

The accompanying notes from an integral part of the consolidated statements of cash flows for the year ended 31 December 2002.

The Accountant

The Board of Directors

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2002

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE - NOTE 60).
(Amounts stated in Euros - €)

1. PURCHASE/SALE OF EQUITY INVESTMENTS

The information related with purchase/sale of equity investments is described in Notes 1, 2, 3, 10, 14 and 27 to the consolidated balance sheet as of 31 December 2002, and the statement of profit and loss for the year then ended.

2. CASH AND EQUIVALENTS

Cash and equivalents as of 31 December 2002 and 2001 are made up as follows:

| | 2002 | 2001 |
|---------------------------------|------------|------------|
| Treasury securities | 3 202 534 | 10 143 297 |
| Bank deposits payable on demand | 45 703 621 | 36 198 650 |
| Cash | 156 611 | 95 502 |
| Bank overdrafts | (680 163) | (270 359) |
| | 48 382 603 | 46 167 090 |

3. BANK LOANS AVAILABLE AND NOT USED

As of 31 December 2002, bank loans available and not used amounted to Euros 173,059,921.

The Accountant

The Board of Directors

- *Report and Opinion
of the Audit Board*
- *Auditors' Report*

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REPORT AND OPINION OF THE AUDIT BOARD CONSOLIDATED ACCOUNTS

To the Shareholders of
Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.

As required by law and as instructed by the shareholders, we are pleased to present for your consideration our Report and Opinion, covering our audit work and the consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (“Semapa”) and Subsidiaries (“Group”) for the financial year ended 31 December 2002, which have been prepared by the Board of Directors of Semapa.

We have monitored Semapa’s affairs and operations and those of its principal subsidiaries, checking that their accounts are in order and comply with the requirements of the law and the articles of association. The directors of Semapa and the company’s various departments, together with the officers and departments of the principal subsidiaries, have provided us with all the information and clarifications we have requested.

In the exercise of our duties we have audited the consolidated balance sheet as at 31 December 2002, the consolidated income statement, statement of cash flows and consolidated management report drawn up by the Board of Directors for the period then ended. We have also examined the Legal Accounts Certificate and the Audit Report submitted by the Official Auditor chairing this board, and are in agreement with these documents.

In view of the above, it is our opinion that the consolidated financial statements referred to above and the consolidated management report, together with the proposal contained, comply with the applicable accounting, legal and statutory rules, and may therefore be approved by the General Meeting of Shareholders.

We also wish to thank the Directors and staff of the Semapa Group companies for their co-operation during the year.

Lisbon, 10 March 2003

Chairman António Dias e Associados - SROC
Represented by António Marques Dias

Members Rafael Caldeira Castel-Branco Valverde
Luís Miguel de Almeida Belo

AUDITORS' REPORT

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE - NOTE 60).
(Amounts stated in Euros - €)

To the Board of Directors and Shareholders of
SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

1. We have audited the accompanying consolidated financial statements of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and Subsidiaries ("the Group") which comprise the consolidated balance sheet as of 31 December 2002, the consolidated statements of profit and loss by nature and by functions and the consolidated statement of cash flows for the year then ended and the accompanying notes. These consolidated financial statements are the responsibility of Semapa's Board of Directors. Our responsibility is to express a professional and independent opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with generally accepted auditing standards in Portugal, which require that the audit be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An audit included verifying, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the estimates, based on criteria defined by the Board of Directors, used in their preparation. An audit also included verifying the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and evaluating the overall presentation of the consolidated financial statements. We believe that our audit and the reports of other auditors as explained in paragraph 3 below provide a reasonable basis for our opinion.
3. The financial statements as of 31 December 2002 of consolidated subsidiaries representing approximately 30% of the consolidated assets and approximately 17% of the total consolidated income were audited by other auditors, on whose audit reports we relied to express our opinion on the amounts of these subsidiaries included in the accompanying consolidated

financial statements.

4. In our opinion, based on our audit and the reports of other auditors referred to in paragraph 3 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. and Subsidiaries as of 31 December 2002 and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, which, except as explained in paragraph 5 below, were applied on a basis consistent with that of the preceding year.
5. As mentioned in Note 38 of the notes to the balance sheet and statement of profit and loss, following publication of Portuguese Accounting Directive 28 relating to income tax, the Group adopted the procedure of recording deferred taxes, effective as from 1 January 2002. The accumulated effect of this change in accounting policy as of 1 January 2002 corresponds to the recording of deferred tax assets and deferred tax liabilities of Euros 42,044,302 and Euros 94,021,914, respectively. As established in the transitory provisions of the Accounting Directive, those amounts were recorded in the captions affected by the causes which gave rise to the deferred tax assets and liabilities and corresponded to an increase in the equity caption "consolidation differences" of Euros 7,886,843, a decrease in the caption "revaluation reserves" of Euros 1,060,246, an increase in the liabilities caption "minority interests" of Euros 5,599,031 and an increase in the assets caption "consolidation differences" of Euros 64,403,240. The effect of this change in accounting policy on net profit for the year was to increase it by Euros 10,948,690.

Lisbon, 10 March 2003

Deloitte & Touche